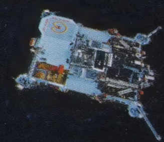
CHC

ANNUAL REPORT 2001

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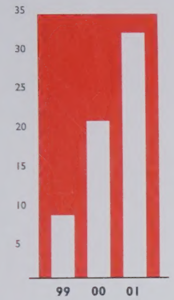
CHC
ANNUAL
REPORT
2001
USTRY THAT
WORLD

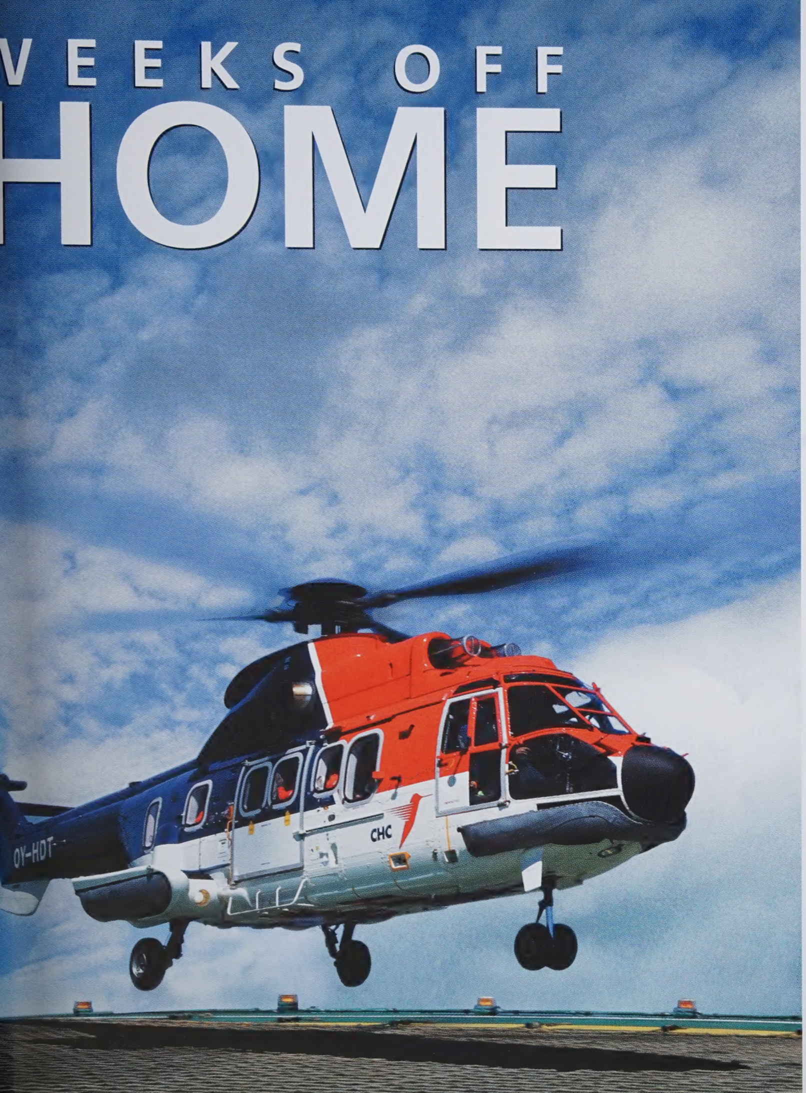
Revenue
(Millions of dollars)

After-tax Earnings From Operations
(Millions of dollars)



Cash Flow From Operations
(Millions of dollars)

EBITDA
(Millions of dollars)



Financial Highlights Fiscal 2001

Revenues $593.8 million
EBITDA $116.5 million
Net earnings $31.9 million
Debt reduction $125.0 million

Results At A Glance

(In thousands of Canadian dollars, except per share amounts)

	2001	2000	1999
Operating Summary			
Revenue	**$593,849**	$ 534,049	$238,884
After-tax earnings from operations	**33,048**	21,636	8,696
EBITDA	**116,549**	93,812	43,927
Cash flow from operations (before change in non-cash working capital)	**63,224**	31,976	19,418
Financial Position			
Working capital	**$172,714**	$ 140,042	$ 4,641
Total assets	**996,288**	1,067,367	507,564
Long-term debt	**446,418**	554,873	175,356
Shareholders' equity	**155,963**	119,504	149,603
Unrealized appraisal surplus of fleet	**262,000**	293,000	51,000
Long-term debt to equity ratio	**2.9:1**	4.6:1	1.2:1
Per Share			
Average number of Class A and Class B shares outstanding	**15,728,817**	15,380,183	15,626,514
Net earnings	**$2.03**	$1.30	$3.63
Cash flow from operations (before change in non-cash working capital)	**4.02**	2.08	1.24

My fellow shareholders: Here is my report on our Company's performance in fiscal 2001 and our targets for the immediate future. One of our main missions was to create value for shareholders and in this regard the record speaks for itself:

- Our share price more than tripled, making CHC one of the top performers on the Toronto Stock Exchange (TSE);
- CHC achieved record after-tax earnings from operations;
- The number of analysts covering our Company increased to eight, with CHC earning the strongest "Buy" recommendation from every one of them;
- CHC was added to the TSE 300 Composite Index;
- Our balance sheet was strengthened by a net debt reduction of $125 million; and
- We developed the world's only one-stop Super Puma repair and overhaul centre, creating a new profit centre for shareholders.

But that is in the past. For fiscal 2002, and for the years ahead, we are working to achieve more. Our vision is clear and our job remains the same – to create more value for shareholders.

Our goal is to make CHC a billion dollar corporation. We will achieve this prudently through organic and accretive growth. Already, we have begun:

- Strengthening our relationships with oil and gas companies as the world's oil production moves further offshore and the need for helicopter services increases;
- Renewing oil and gas production contracts;
- Increasing our flying hours and maximizing fleet utilization;
- Securing delivery of the heavy and medium helicopters our customers demand;
- Financing these aircraft on attractive terms;
- Leveraging our repair and overhaul skills and resources to service our own fleet at attractive rates, and to earn additional income servicing third-party helicopters around the world;
- Continuing to build our customer base in CHC Composites.

CHC remains focused on steady growth and creating exceptional value for shareholders. The team that has brought the Company to this level is ready to take it to the next. Expect nothing less.

Craig L. Dobbin, O.C.
Chairman and Chief Executive Officer


WE HAVE A
CLEAR VISION

MOVING HEAVEN AND
THE BOTTOM

In fiscal 2001, CHC Helicopter Corporation accomplished everything set out in its strategic plan – and achieved record after-tax earnings from operations for shareholders. We completed the sale of our Canadian onshore helicopter operations, reduced our debt by $125 million, increased EBITDA by more than 24 percent and nearly doubled our cash flow from operations.

Our cash flow from operations increased from $32.0 million last year to $63.2 million this year. EBITDA reached $116.5 million, a record 19.6 percent of revenue, despite unfavourable exchange rates. After-tax net earnings from operations increased 53 percent to $33.0 million, or $2.10 per share on revenue of $593.8 million for the year. This is by far the best performance in our Company's history.

In addition, CHC has:

- Increased international revenues by 43 percent;
- Received contract awards, expansions and rate increases valued at more than $200 million; and
- Successfully increased rates on contract renewals.

Looking ahead, industry analysts predict that revenues for offshore service companies will increase by US $38 billion over the next five years. CHC is already experiencing growth around the world. For example, on a year-over-year basis, the number of helicopter passengers carried from Aberdeen Airport, CHC's largest base, increased by 16 percent. We have seen an even greater increase in our international markets. We expect this trend to continue this year.

This increase in activity translates to higher utilization for our fleet and has prompted us to add new medium aircraft in our International markets as well as expanding our heavy aircraft fleet in the North Sea.

CHC operates more than 50 percent of the global fleet of offshore-configured Super Puma helicopters – the aircraft of choice for the North Sea offshore oil and gas industry. In order to meet our customers' requirements, we plan to acquire the next three civilian Super Pumas to roll off the Eurocopter assembly line, including the first new-generation Super Puma, the EC 225.

With 63.5 percent of our business focussed on oil and gas production, our earnings are more stable than most other offshore services companies. Less than 14 percent of our revenue is derived from oil and gas exploration.

We have repositioned the Company, strengthened its balance sheet and increased its rates. We have proven that our team of more than 2,200 professionals a winning team, and is more than capable of handling growth. We expect plenty more of it.

Sylvain Allard
President

THE ESSENTIAL LINK
SUPPLY AND

Petroleum is one of the most valuable natural resources on earth. Its production is essential, providing the world with 65 percent of its energy. Exploration efforts may rise and fall with the price of oil, but global production remains steady, growing two to three percent per year. And each year, a higher percentage of that production takes place offshore.

CHC provides an essential link between offshore production and onshore demand. Our core business is the transportation of offshore workers – the men and women who make the oil flow.

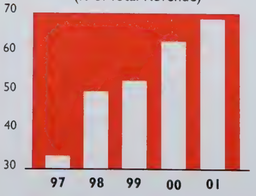
In fiscal 2001, 69 percent of total revenue was derived from the oil and gas sector, of which more than 80 percent was derived from oil and gas production.

BETWEEN
DEMAND

Once an offshore production facility has been installed, the world's leading oil companies do what it takes to keep people safe and petroleum moving. Which is why they rely on CHC. We have established ourselves as a world leader in safety and reliability, with the people and the equipment required to provide safe helicopter transportation services year after year.

Three-quarters of our revenue is generated from long-term contracts with some of the largest oil and gas companies in the world. Companies like BP, ExxonMobil, Phillips, Royal Dutch/Shell Group, Statoil, Norsk Hydro, TotalFinaElf and Unocal. Many have been our customers for more than 20 years. We expect to keep it that way for at least 20 more.

CHC Oil and Gas Revenue
(% of Total Revenue)



CHC. The essential link in delivering the oil that keeps the world in motion.

THE FUTURE IS FURTHER OFFSH

The future of oil and gas production lies offshore. Increasingly, that offshore oil is coming from deeper waters, further from shore. In 20 years, more than 50 percent of the world's oil and gas will come from offshore production.

Around the globe, a significant proportion of the heavy and medium helicopters used to support offshore oil and gas production are flown by CHC. We operate the world's largest commercial fleet of Super Pumas – the preferred helicopter for the offshore industry – as well as 80 percent of the world's Super Puma Mark II aircraft, the fastest and most technologically advanced heavy helicopter serving the offshore sector.

CHC also leads the industry in acquiring new generation aircraft to meet the long-term contractual needs of our offshore oil and gas customers. We are the launch customer for the first two EC 225 helicopters – the newest addition to the proven Super Puma family, with scheduled delivery starting in mid-2003.

As oil production moves further and further offshore, the EC 225 – capable of transporting 19 passengers more than 400 nautical miles – provides a solution to our customers' primary objective of lower cost per passenger seat-mile for long-range missions.

Our customers also continue to demand additional types of heavy and medium helicopters for long-term contracts. CHC is financially capable of making the investments required to meet that demand.

By 2005, CHC's skills and resources will be in even greater demand as the number of offshore facilities is forecast to grow from 7,500 to 9,000. CHC is perfectly positioned to accommodate this growth. Because just about anywhere in the world you find an offshore platform, you'll find CHC.

CHC. The bridge to offshore platforms around the world.

CHC employs the same people, knowledge and assets used to support its offshore helicopter operations to provide services to third-party organizations around the world.

REPAIR AND OVERHAUL. In fiscal 2001, CHC enhanced its third-party R&O revenues and became the world's only facility, other than the engine manufacturer, for the repair and overhaul of Turbomeca engines for Super Pumas.

CHC's Astec Helicopter Services is now the world's only one-stop service centre for the support, repair and overhaul of engines and major components for Super Pumas.

Astec currently supports more than 80,000 helicopter flying hours per year with its Integrated Logistics Support (ILS) system, a critical resource for reducing costs and helicopter downtimes.

With Astec, we control the maintenance of our own fleet,

and offer a complete repair and overhaul service for medium and heavy helicopters around the world.

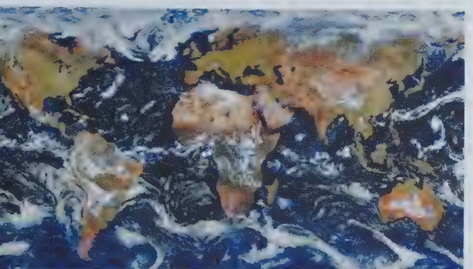
SEARCH AND RESCUE. CHC is a leading provider of SAR support in key markets around the globe. In the past year, CHC has strengthened its leadership position, adding a new SAR aircraft in Ireland and winning a major, long-term contract with the Metropolitan Ambulance Service in Victoria, Australia.

CHC has also demonstrated its capabilities at major SAR exercises in the North Sea, where oil and gas producers are shifting SAR responsibilities from stand-by vessels to faster, more effective heavy helicopters.

CHC has the experience, aircraft and capabilities to deliver an efficient, comprehensive SAR service to oil and gas platforms everywhere.

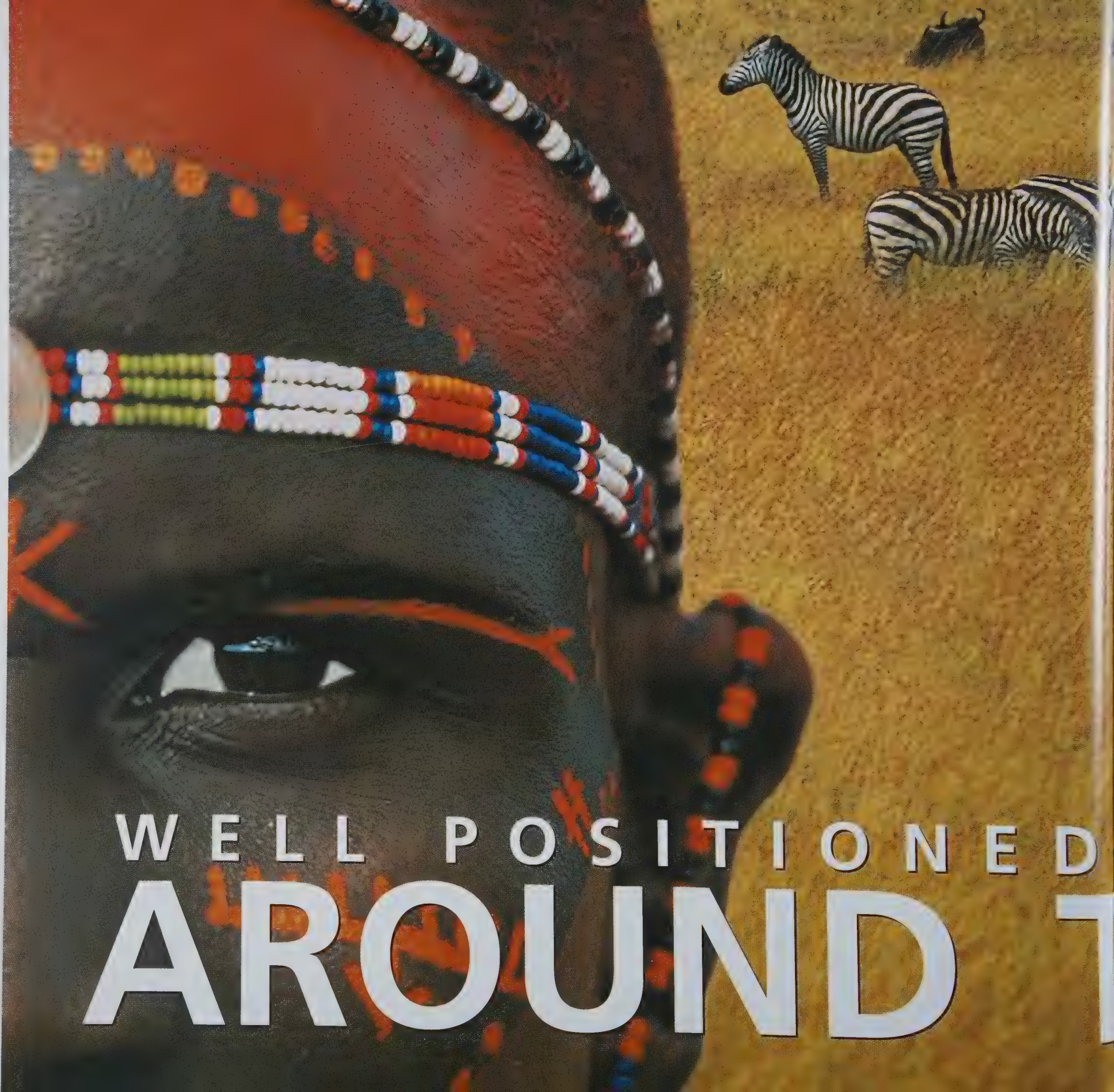
Strategic operations in R&O, SAR, and training enhance CHC's capabilities in its core business and help generate significant third-party revenue.

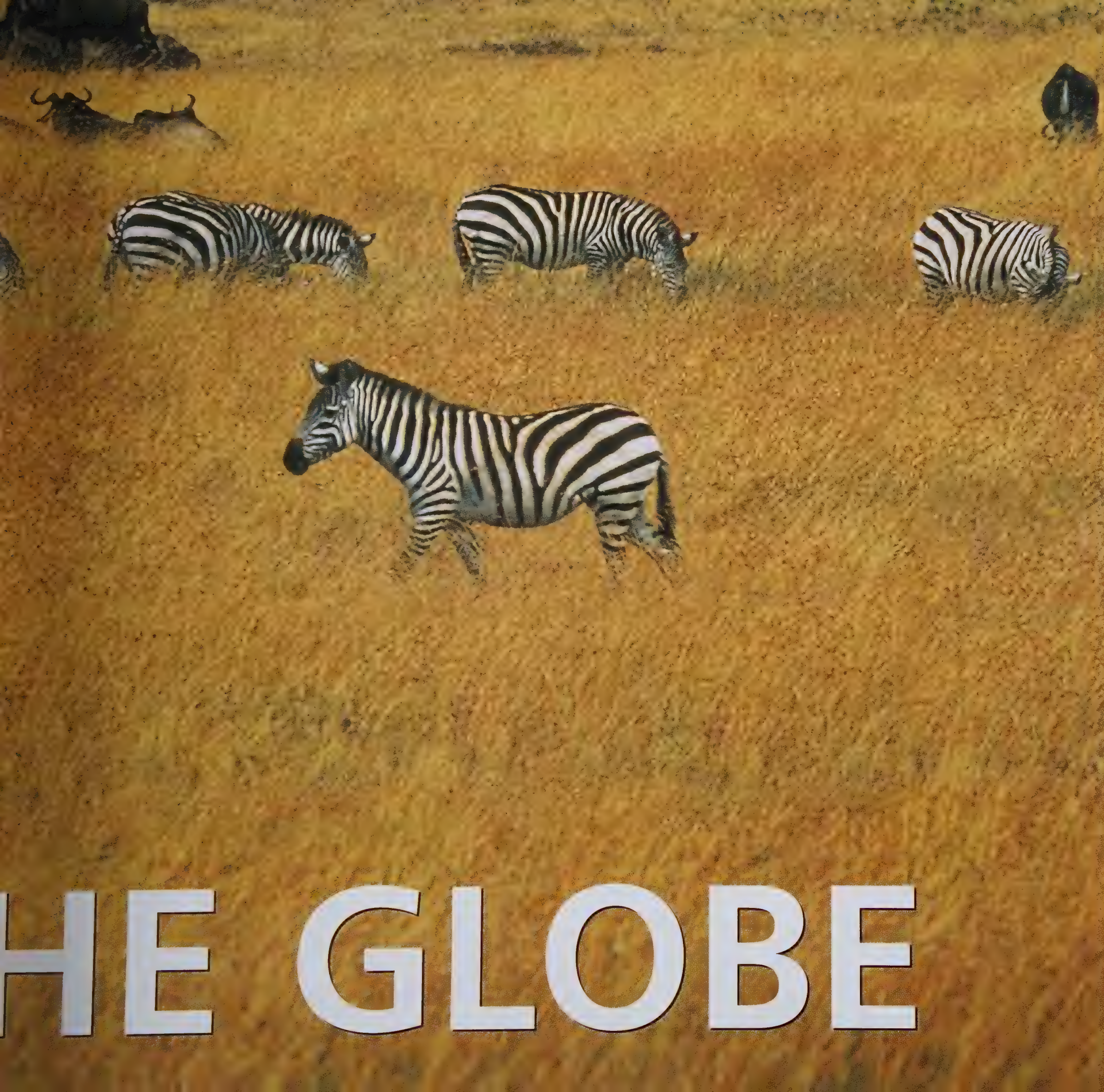
In the past year, CHC has strengthened its position in the world's offshore markets. We successfully expanded or renewed long-term contracts in virtually every area in which we operate, and are expanding into new oil and gas markets in Southeast Asia, Africa, the Middle East and South America.



CHC will continue to serve the world's leading oil and gas companies, wherever they operate. In fiscal 2001, CHC rebranded the entire Company under the strong CHC name. Now CHC flies the same flag around the world, providing a consistent message of safety, reliability and value through subsidiaries based in Africa, Australia, Canada, Denmark, Ireland, Norway, the United Kingdom and elsewhere.

We serve 65 percent of the market in the North Sea – the world's largest offshore market – where our fleet is now





fully utilized. We are also operating in new oil and gas regions such as West Africa and the Caspian Sea. We are in the air over every continent on the planet.

In fiscal 2001, we increased our revenues from International operations by 43 percent, to $146 million. Worldwide, we increased both flying hours and fleet utilization.

CHC increased the number of contracts calling for dedicated aircraft, which ensures customers will have an aircraft when they require one, while improving CHC's rate of return on assets.

Our customers rely on CHC's proven commitment to constantly improve safety. We are leading the way in advanced training methods such as cockpit resource management and continue to be the leader in the sophisticated Health and Usage Monitoring System (HUMS) for our heavy and medium fleet.

CHC is an essential link for one of the most important industries in the world. We are a team of more than 2,200 experienced people, confident and strong, who move heaven and earth to exceed our customers' expectations. Every day.

CHC. We move the industry that moves the world.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

CHC Helicopter Corporation (the "Company") is a leading provider of helicopter transportation services to the global oil and gas industry. The Company or its acquired operations have been providing helicopter services for more than 50 years and the Company currently operates in 21 countries, with major operating units based in Norway, the United Kingdom, South Africa, Australia and Canada. The Company principally provides helicopter transportation services to the oil and gas industry for production and exploration activities and to the emergency medical services and search and rescue sectors. In general, the Company targets opportunities where customers require sophisticated helicopters operated by highly trained pilots, typically under long-term contracts.

The Company was created in 1987 as a holding company to combine the operations of Sealand Helicopters Limited and Toronto Helicopters Limited (both of which were controlled by Mr. Craig L. Dobbin, Chairman of the Board and Chief Executive Officer of the Company and a principal shareholder) and to acquire Okanagan Helicopters Ltd., a company that operated 125 helicopters at the time of its acquisition. Since its formation, the Company has grown internally as well as through acquisitions, the most significant of which were the acquisition in 1988 of the majority of the assets of Ranger Helicopters Limited, which was then operating 37 helicopters; the acquisition in 1989 of all the outstanding shares of Viking Helicopters Limited, which was then operating 60 helicopters; the acquisition in 1993 and 1994 of all the outstanding shares of Brintel Holdings Limited, which was then operating approximately 25 heavy helicopters; and the acquisition of Helicopter Services Group ASA ("HSG") in August 1999.

Business Strategy

During fiscal 2000, the Company completed the acquisition of HSG. HSG primarily provided helicopter services to the oil and gas industry in the U.K., Norway, Australia and Africa. During fiscal 2001, the Company continued its strategy of positioning itself as an oil and gas services company. In fiscal 2001, the Company completed the sale of non-oil and gas related operations in Canada, the U.K., Norway and Sweden. Proceeds of $150.5 million from the sale of these non-oil and gas related operations were used to reduce debt. With these dispositions, the Company has further positioned itself as a leading provider of helicopter transportation services to the global oil and gas industry.

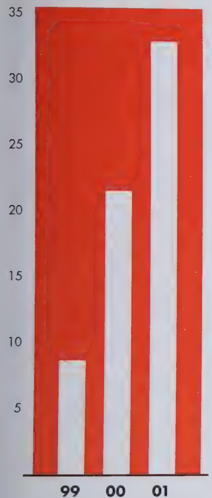
In addition to helicopter operations, which represented approximately 94% of the Company's revenues for the year ended April 30, 2001, the Company provides repair and overhaul services for its own aircraft and for third-party customers and also provides flight training services. Helicopters must be serviced or overhauled at predetermined intervals based on flight hours and therefore the Company's repair and overhaul capabilities, which include the ability to service a number of helicopter models, provide a growing and diversified source of relatively stable revenue. In addition, the Company believes that its repair and overhaul and flight training activities are important in enhancing its worldwide reputation as a full-service, high-quality helicopter operator.

The Company believes that success as a provider of helicopter services to the global oil and gas industry requires a modern fleet of well-maintained, reliable aircraft configured for offshore flying, a global presence to allow the Company to serve major oil and gas customers, a supply of trained and experienced pilots, a continuous focus on safety in all of the Company's activities and the ability to finance growth as necessary. The Company believes, based on these factors, that it is well positioned to continue to be a major provider of helicopter services to the global oil and gas industry.

In fiscal 2001, the Company achieved record after-tax earnings from operations for the second consecutive year. The following graph illustrates the growth in after-tax earnings from operations over the fiscal periods 1999 to 2001.

After-tax Earnings from Operations

(in millions of Canadian dollars)

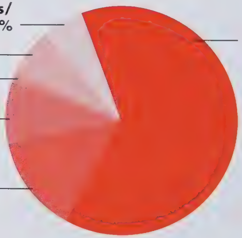


Note: After-tax earnings from operations is calculated by applying the Company's effective tax rate to "earnings from operations before the undernoted items and income taxes" on the Statement of Earnings contained in the Company's consolidated financial statements. This is considered to be a meaningful measure of after-tax earnings, excluding non-recurring and unusual items.

For the year ended April 30, 2001, revenue generated by helicopter transportation services for the oil and gas industry was approximately 69% of the Company's total revenue (77% of revenue from continuing operations) compared to approximately 58% for the previous fiscal year. This increase was primarily due to the acquisition of HSG, growth in the Company's oil and gas markets and the sale of non-core operations.

The level of worldwide offshore oil and gas exploration and production has traditionally influenced demand for helicopter transportation services. After a period of decline, there was an improvement and stabilization in oil prices in 2000, which has continued into 2001. As a consequence, exploration and production activity of oil and gas companies has been increasing. The Company expects new exploration activity to occur in already producing regions and in currently non-producing regions of the remote North Sea and Caspian Sea, and offshore Brazil, West Africa, Southeast Asia and eastern Canada. The Company believes this increase in activity will result in increased global demand for helicopter transportation services. While a portion of the Company's oil and gas industry revenues is derived from exploration activity, 63.5% of its revenue from continuing operations is derived from oil and gas production activity, which is less affected than exploration activity by cyclical swings in oil and gas prices. As a result, the Company does not believe that recent decreases in the price of oil will have a material impact on its revenues.

The following chart illustrates the breakdown of revenues for fiscal 2001 by industry sector. Revenues from non-core operations disposed of during the year are excluded from this chart.



The Business

Helicopter Operations

The Company contracts with customers to provide aircraft for various periods of time. Short-term contracts are typically for 12 months or less. Longer-term contracts, which are generally for periods ranging from two to five years, are ordinarily awarded following a competitive bidding process among pre-qualified bidders. Contracts may be based on a fixed monthly fee with an additional hourly charge for actual flight time or are based solely on an hourly charge for actual flight time. For the year ended April 30, 2001, approximately 76% of the Company's revenue came from long-term contracts with terms ranging from two to five years. As a general rule, contracts for helicopter services for oil and gas exploration activities are short-term, while contracts for transport of personnel

and equipment to oil and gas production sites are long-term. Typically, the Company supplies crew and maintenance personnel in addition to aircraft. A substantial number of the Company's long-term contracts contain provisions permitting early termination by the customer, although during the last five years no customer has exercised that right. At the expiration of a contract, the Company's customers typically solicit new bids for the next contract period. Contracts are typically awarded based on a number of factors, including price, long-term relationships, quality of customer service and the safety record of the helicopter service provider. Generally, an incumbent operator has a competitive advantage in the re-bidding process, stemming from its relationship with the client, its knowledge of site characteristics, its understanding of the cost structure for those specific operations and the availability of aircraft.

Because new contract start-up costs, including equipment and crew transportation and base set-up costs, can represent a significant portion of operating costs, the Company's global network of bases and operating licenses gives the Company a competitive advantage in bidding on new contracts throughout most of the world. With more than 50 bases on seven continents, the Company is positioned to meet the requirements of its customers in most regions within short periods of time at competitive rates.

The Company has long-term working relationships with most of the major oil and gas companies, including operating subsidiaries of BP, ExxonMobil Corp., Phillips Petroleum Corp., Royal Dutch/Shell Group, Statoil, Norsk Hydro, TotalFinaElf SA and Unocal Corp. Most of these have been customers of the Company for more than 20 years.

Repair and Overhaul

Repair and overhaul services cover all major helicopter components, including engines, rotor heads, gear boxes and blades. The Company's contracts with customers specify the extent of the services to be provided. Some contracts cover all components on an aircraft, while others will include specific components. A significant number of the Company's contracts require customers to pay for services on an hourly flying basis. The amounts received from these "power-by-the-hour" contracts are deferred and recognized as the services are provided. While the Company is licensed to provide repair and overhaul services on a range of aircraft, 75% of its external revenue is currently derived from the Company's major aircraft type, the Super Puma.

Competitive Position

The Company is one of only two global providers of helicopter transportation services to the oil and gas industry. Both the Company and its major competitor have a modern fleet of helicopters, a global presence, long-term relationships with major oil and gas companies and a reputation for providing safe, high-quality, reliable service. There are other competitors, but they tend to be smaller, regional operators.

The Company has a significant market position in all global offshore oil and gas markets, with the exception of the Gulf of Mexico, where it does not have a presence. The Company estimates that it has a market share of approximately 65% in the combined Norwegian, U.K. and Danish sectors of the North Sea, the world's largest area of offshore oil and gas development. The Company believes it is well positioned to capitalize on growth opportunities in the North Sea and elsewhere. As oil and gas wells are depleted, it is expected that oil companies will go further offshore to develop deep-water reserves. The Company's global presence and long-term customer relationships position it to participate in new oil and gas developments off eastern Canada, West Africa, the Caspian Sea, Angola, South America, Asia, the Faroe Islands, the Shetland Islands and northern Norway.

At present, the limited supply of helicopters available for use in the offshore oil and gas industry is a major barrier to new entrants in the market. In the Company's experience, the Super Puma is the aircraft most requested by the major oil and gas companies in the North Sea, the Company's major market, due to its superior range and payload. At present, the Company and its major competitor operate in excess of 95% of the worldwide fleet of commercial Super Pumas configured for offshore work. The manufacturer of the Super Puma does not stock new aircraft. The current lead-time to purchase a new Super Puma is approximately 24 months. The Company has made arrangements to acquire the next three available civilian aircraft produced in 2001, 2002 and 2003. At present there is no substitute for the Super Puma that is acceptable to major customers in the North Sea and certain other regions where large numbers of passengers are transported long distances offshore. The Company intends to acquire these aircraft under operating leases.

In the Company's other markets, the primary aircraft are the Sikorsky S-76 and S-61. There are also shortages of these aircraft, but during fiscal 2001, the Company was able to purchase an additional three S-76s for immediate use in its international offshore oil and gas markets.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company's repair and overhaul facility is the only commercial facility in the world licensed to perform repair and overhaul services on the Super Puma helicopter, other than the original equipment manufacturer. In addition to providing repair and overhaul services for its fleet of 45 Super Pumas, the Company's state-of-the-art facilities, years of experience and reputation ideally position it to increase its market share of repair and overhaul services for the world's approximately 500 Super Pumas.

Fleet

The helicopters in use today may be divided into three general categories: (1) light helicopters, with a maximum passenger capacity of approximately six; (2) medium helicopters, with a maximum passenger capacity of approximately 15; and (3) heavy helicopters, with a maximum passenger capacity of approximately 26. The Company's fleet consists primarily of heavy and medium aircraft.

At April 30, 2001 the Company's fleet consisted of 164 aircraft. An additional 157 aircraft are employed in the Company's 45%-owned Canadian onshore operations. The Company employs 77 aircraft in Europe (primarily in its North Sea operations), 82 in its other international operations and five in Canada. The fleet consists of 134 owned aircraft and 30 aircraft under operating leases.

Based on an appraisal as of June 2001 by HeliValue$, Inc., an independent helicopter valuation company, the aggregate estimated resale value of aircraft owned by the Company at April 30, 2001 was approximately U.S. $436.2 million ($669.9 million). This indicates an appraisal surplus of $262.0 million, or approximately $16.00 per share.

During fiscal 2001, the Company entered into two new aircraft operating leases and purchased six aircraft to support growth in the North Sea and internationally (including the three S-76s referred to above). The Company's fleet currently operates at full capacity. The demand for the Company's primary aircraft types (the Eurocopter Super Puma and the Sikorsky S-76) in its oil and gas markets continues to be very high. In order to meet this demand, the Company is scheduled to take delivery of one Super Puma MKII in December 2001 and another in December 2002. The Company has also placed an order for a new Eurocopter EC225, which is the next generation of Eurocopter aircraft, following the Super Puma MKII.

The Company's fleet at April 30, 2001 (including owned and leased aircraft) was comprised of the following aircraft by segment:

Aircraft Type	Europe	International	Other	Total
Heavy				
Eurocopter Super Puma MKII	11	–	–	11
Eurocopter Super Puma	30	4	–	34
Sikorsky S-61	15	10	3	28
	56	14	3	73
Medium				
Sikorsky S-76	9	30	–	39
Bell 412	–	5	–	5
Bell 212	–	13	1	14
Eurocopter SA365	5	–	–	5
Eurocopter AS365SN2	6	3	–	9
Other	1	–	–	1
	21	51	1	73
Light				
Bell 206	–	11	–	11
Eurocopter AS350/355	–	1	1	2
Other	–	2	–	2
	–	14	1	15
Fixed-wing	–	3	–	3
Total	77	82	5	164

Management's Discussion and Analysis of Financial Condition and Results of Operations

Since approximately 70% of a helicopter's value resides in its dynamic components, which are overhauled, replaced or upgraded on a regular basis because of manufacturer and regulatory requirements, older models of helicopters that have been upgraded are capable of meeting many of the same performance standards as newer models. As a result, as the price of new helicopters rises, older models of these helicopters that have been properly maintained and upgraded generally retain their value. The Company often receives sale proceeds in excess of the original purchase price when it sells helicopters as part of optimizing its fleet mix to meet changing market conditions.

For accounting purposes, flying assets, which are comprised of helicopter airframes and components, are depreciated to their estimated residual value over 15 years on a straight-line basis at 2% per annum. The costs associated with major inspections and component repair and overhaul are charged to operating expenses over their period of future benefit based on flight hours.

Sale of Non-Core Assets and Operations

To facilitate its acquisition financing for HSG in fiscal 2000 and as part of the Company's strategy to improve operating performance and asset utilization and to focus on core operations, the Company sold certain non-oil and gas related operations and assets.

In May 2000, the Company sold certain primarily U.K.-based non-oil and gas related operations for total proceeds of approximately $74.3 million, which included a two-year 9% note for £2.0 million and an insurance receivable of £0.9 million. These operations included the scheduled passenger service at Penzance, England; operations for the U.K. Ministry of Defence in Plymouth, England and the Falklands; and light helicopter operations based in Cardiff, Wales for police support services. The Company sold six heavy helicopters, two medium helicopters and one light helicopter as part of this transaction. The disposed operations had combined revenues of $26.7 million and earnings before interest, taxes, depreciation and amortization ("EBITDA") of $10.7 million for the year ended April 30, 2000. The book value of the assets sold was approximately $31.0 million. During the year ended April 30, 2001, revenue and EBITDA from these operations, prior to their sale, were $1.4 million and $0.6 million, respectively. Proceeds from this sale were used to reduce debt.

In May 2000, the Company also sold its Swedish subsidiary, Heliflyg AB ("Heliflyg"), for gross proceeds of $6.0 million, which was approximately equal to the appraised value of its fleet and the fair market value of its other assets. Heliflyg provided onshore helicopter services in Sweden through the operation of two medium and 12 light helicopters, of which four were owned and 10 leased. Heliflyg had revenues of $9.9 million and EBITDA of $0.6 million in the period between its acquisition by the Company on August 11, 1999 and April 30, 2000, and a net asset book value at the time of sale of approximately $5.0 million. During the year ended April 30, 2001, revenue and EBITDA from Heliflyg, prior to its sale, were $0.4 million and $0.1 million, respectively. The proceeds were used for working capital.

On June 30, 2000, the Company sold its Norwegian subsidiary, Lufttransport AS ("Lufttransport"), for approximately $14.7 million. Lufttransport provided onshore air ambulance services in Norway through the operation of three medium helicopters, one light helicopter and 10 fixed-wing aircraft, of which seven fixed-wing aircraft were leased. Lufttransport had revenues of $18.3 million and EBITDA of $0.2 million for the period between its acquisition by the Company on August 11, 1999 and April 30, 2000. Proceeds of $12.5 million were used to repay a portion of the Company's senior credit facilities. The remainder of the proceeds was used for working capital. During the year ended April 30, 2001, revenue and EBITDA from Lufttransport, prior to its sale, were $4.1 million and $(0.1) million, respectively.

Effective October 31, 2000, the Company sold its Canadian onshore helicopter operations and assets to Canadian Helicopters. Under the terms of the sale the Company received gross proceeds of $128.5 million for the assets and operations. The Company acquired a 45% common equity interest in Canadian Helicopters for cash consideration of $4.5 million. The remaining shares are owned by management of Canadian Helicopters and an equity investor. In addition, the Company invested $15 million in Canadian Helicopters through preferred shares. In order to facilitate debt financing for the new company on a timely basis, the Company advanced $10.0 million to Canadian Helicopters as part of the syndication of its term debt. This loan is fully secured and repayable on terms and conditions which are identical to those applicable to the other members of the syndicate.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company retained operating leases for 11 S-76A aircraft involved in Canadian Helicopters' air ambulance operations and retained ownership of three heavy and one light aircraft. These aircraft are sub-leased to Canadian Helicopters for the remaining period of the existing leases (up to five years) with certain purchase options in favour of Canadian Helicopters during the lease term.

The sale did not include the Company's offshore oil and gas operations on the east coast of Canada. These operations were retained by the Company and the results of these operations are included in the International flying segment results. Canadian Helicopters provided non-compete protection to the Company on all offshore oil and gas work in Canada.

The Company recorded an after-tax loss of $12 million on the sale of its Canadian onshore helicopter business. In addition, the Company wrote off goodwill of $9.1 million recorded on the initial acquisition of a portion of the operations that were sold. Net proceeds of $80.0 million from the sale were used to reduce debt.

The Canadian onshore helicopter business generated revenue of $87.8 million and EBITDA of $13.7 million for the year ended April 30, 2000. During the year ended April 30, 2001, the Canadian onshore helicopter business produced revenue of $62.0 million and EBITDA of $13.9 million, prior to its sale on October 31, 2000. These results represent the two strongest quarters for this seasonal business. Historically, two-thirds of the annual revenue and all the annual EBITDA have been earned in these two quarters.

Results of Operations

For the year ended April 30, 2000 the Company's operations consisted of three segments: domestic flying, foreign flying and repair and overhaul. As described in Note 21 to the Company's consolidated financial statements, the segments for the year ended April 30, 2001 have been revised based on economic characteristics and management's evaluation of the segments in making operating decisions. The new segments include European flying operations, International flying operations, Canadian flying operations and repair and overhaul. Comparative segment data for 2000 has been restated to reflect the new segments.

Also, effective May 1, 2000 the Company revised the way it accounts for cost recovery items such as landing fees and fuel re-charged to customers. These amounts were previously reported as revenue, but are now offset against the related expense items. As a result, prior year results have been restated. The impact on fiscal 2000 was a reduction in revenue of $20.0 million compared to results previously reported. EBITDA remained unchanged.

The following table sets forth, for the years indicated, revenue by segment:

	Revenue for the Fiscal Year Ended April 30 (in thousands of Canadian dollars)	
Segment	**2001**	2000
European flying	**$351,315**	$320,715
International flying	**146,165**	102,124
Canadian flying	**62,002**	87,786
Helicopter operations	**559,482**	510,625
Repair and overhaul	**34,367**	23,424
Total revenue	**$593,849**	$534,049

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table sets forth, for the years indicated, the results of operations as a percentage of revenues:

	Year ended April 30	
	2001	2000
Revenue	**100.0%**	100.0%
Operating expenses	**80.4**	82.4
Earnings before undernoted items ("EBITDA")	**19.6**	17.6
Depreciation and amortization	**(3.4)**	(4.0)
Gain on disposal of assets	**0.2**	–
Earnings from operations	**16.4**	13.6
Financing charges	**(9.3)**	(8.5)
Equity in (loss) earnings of associated companies	**(0.1)**	0.4
Gain on sale of operations and investments	**1.0**	0.9
Debt settlement and restructuring costs	**(3.7)**	(1.4)
Earnings before income taxes and non-controlling interest	**4.3**	5.0
Income tax recovery (provision)	**1.1**	(1.1)
Non-controlling interest	**–**	(0.1)
Net earnings	**5.4**	3.8

Revenue

Total revenue for the year ended April 30, 2001 increased $59.8 million, or 11.2%, to $593.8 million from $534.0 million for the year ended April 30, 2000. The following are the primary reasons for the change in revenue:

(i) Increased flying activity, new contracts and price increases resulted in an increase in revenue of $52.7 million.

(ii) Inclusion of revenues from HSG for a complete year, compared to eight and one-half months last year, resulted in an increase in revenue of $107.9 million.

(iii) The sale of non-core operations in Norway, Sweden, Canada and the U.K. during the year ended April 30, 2001 accounted for a decrease of $70.4 million compared to the prior year.

(iv) Less favourable exchange rates for the Norwegian kroner, pound sterling, Australian dollar and South African rand accounted for a decrease of $30.4 million upon translation of foreign subsidiary revenues to the Company's reporting currency, the Canadian dollar.

During fiscal 2001 the Company disposed of non-core operations in Sweden, the U.K., Norway and Canada. In order to provide a meaningful comparison of quarterly revenues the following table includes only revenue from continuing operations. The Company has shown strong growth in revenue from continuing operations during the year.

Revenue Summary by Quarter
Continuing Operations
(in thousands of Canadian dollars)

	Three months ended				
	April 30, 2001	January 31, 2001	October 31, 2000	July 31, 2000	April 30, 2000
Continuing operations:					
Europe	$ 89,863	$ 84,445	$ 88,166	$ 82,884	$ 74,380
International	37,297	37,936	36,508	34,424	31,397
Sub-total helicopter operations	127,160	122,381	124,674	117,308	105,777
Repair and overhaul	9,187	9,254	7,508	8,418	7,200
	$136,347	$131,635	$132,182	$125,726	$112,977

The Company derives its helicopter flying revenues from two types of contracts. Approximately 51% of the Company's contracts require customers to pay for actual hours flown based on an hourly rate specified in the contract. Other contracts are for dedicated aircraft which require customers to pay a fixed monthly rate in addition to an hourly rate. As activity in the Company's oil and gas markets increases, some customers in the North Sea market are changing from hourly contracts to dedicated aircraft. For example, a contract renewal with Talisman Energy in February 2001 was for two dedicated AS332L Super Puma helicopters in the North Sea. Approximately 90% of the Company's revenue in the International segment is derived from dedicated aircraft. Because the Company has a portion of its contracts with a fixed component, an increase or decrease in flying hours may not result in a proportionate change in revenues. While flying hours may not correlate directly with revenues, they remain a good measure of the level of activity and fleet utilization. The following table provides a quarterly summary of the Company's flying hours from continuing operations for fiscal 2001.

Flying Data – Continuing Helicopter Operations

	Flying Hours				Year-to-date Flying Hour Mix (Aircraft Type)		
Segment	Q4	Q3	Q2	Q1	Heavy	Medium	Light
Europe	21,465	21,611	24,305	21,840	74%	26%	–
International	10,833	11,621	11,293	10,417	25%	56%	19%
	32,298	33,232	35,598	32,257	58%	36%	6%

The Company regularly compares its activity levels against available industry data. The Aberdeen Airport reports monthly helicopter passenger traffic for all helicopter operators in Aberdeen, which is the Company's largest base. The following table provides a quarterly summary of all helicopter passenger traffic at Aberdeen Airport for fiscal 2001 and 2000.

Aberdeen Airport – Helicopter Passengers

	2001	2000	% Change
Q1	103,874	101,073	3%
Q2	114,376	92,355	24%
Q3	104,381	85,167	23%
Q4	101,166	85,190	19%
	423,797	363,785	16%

Source: Aberdeen Airport Ltd.

The data in the above tables show a significant year-over-year growth in activity in Aberdeen and the low seasonality in activity levels from quarter to quarter. The Aberdeen Airport data corroborate the Company's flying hour data, indicating strongest activity in the second quarter of fiscal 2001.

Operating Expenses

Total operating expenses for the year ended April 30, 2001 increased $37.1 million, or 8.4%, to $477.3 million from $440.2 million for the year ended April 30, 2000. Operating expenses as a percentage of revenue decreased from 82.4% for the year ended April 30, 2000 to 80.4% for the year ended April 30, 2001. The improvement in fiscal 2001 was the result of a full year of synergies arising from the HSG acquisition, the sale of lower-margin non-core operations in the first quarter and increased activity levels in the Company's major markets. The consolidated financial statements for the year ended April 30, 2001 reflect estimated cost savings of $25.0 million, compared to $12.5 million in the prior year, through personnel reductions as a result of the combination of CHC's and HSG's U.K. operations, the elimination of HSG's head office and public company functions and a reduction in insurance expense and certain supplier costs due to increased volume purchasing benefits.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA for the year ended April 30, 2001 increased $22.7 million, or 24.2%, to $116.5 million from $93.8 million for the year ended April 30, 2000. EBITDA as a percentage of revenue increased from 17.6% for the year ended April 30, 2000 to 19.6% for the year ended April 30, 2001. The net increase in EBITDA and the increase in EBITDA as a percentage of revenue were due to the factors described above.

Depreciation and Amortization

Depreciation and amortization for the year ended April 30, 2001 decreased $1.6 million to $20.0 million from $21.6 million for the year ended April 30, 2000, primarily due to asset sales during the year, partially offset by the inclusion of the acquired HSG operations for a full year. Capital assets decreased by $113.0 million during the year ended April 30, 2001, primarily due to the sale of non-core assets in Norway, Sweden, Canada and the U.K.

Gain on Disposal of Capital Assets

During the year ended April 30, 2001, the Company disposed of property and equipment (not otherwise sold as part of a business) for proceeds of $2.7 million, resulting in a net gain of $1.0 million. During the year ended April 30, 2000, the Company disposed of property and equipment (not otherwise sold as part of a business) which included 16 aircraft for proceeds of $102.6 million.

Financing Charges

Financing charges were comprised primarily of interest on long- and short-term debt and the amortization of deferred financing costs and deferred foreign currency translation gains and losses. Financing charges for the year ended April 30, 2001 increased $10.2 million, or 22.6%, to $55.5 million from $45.3 million for the year ended April 30, 2000. This increase was the result of debt arising in connection with the HSG acquisition being included for the entire year, as compared to only eight and one-half months in the prior year, partially offset by a reduction in financing costs related to lower debt levels in other areas. Fiscal 2001 financing charges included $2.4 million in amortization of deferred financing costs and foreign currency translation gains and losses. The average cost of financing in fiscal 2001 was 10.4%, compared to 12.2% in fiscal 2000.

The Company capitalizes interest on debt incurred to finance assets under construction. During the year ended April 30, 2001, financing costs of $1.1 million were capitalized.

Gain on Sale of Operations and Investments

During the year ended April 30, 2001, the Company reported a pre-tax gain of $5.8 million from the sale of operations and investments. As described earlier under "Sale of Non-Core Assets and Operations," in May 2000 the Company recorded a pre-tax gain of $28.8 million on the sale of primarily U.K.-based non-oil and gas related operations. In May 2000, the Company also sold its Swedish subsidiary, Heliflyg AB, recognizing a pre-tax gain of $1.3 million. On June 30, 2000, a pre-tax gain of $8.0 million was recorded on the sale of Lufttransport, a Norwegian air ambulance service company. Finally, on October 31, 2000, the Company recorded a pre-tax loss of $32.3 million on the sale of its Canadian onshore helicopter operations and assets, including a write-off of goodwill of $9.1 million.

During the year ended April 30, 2000, the Company recorded a pre-tax gain from the sale of investments of $5.3 million. On September 30, 1999, the Company sold its remaining 20% interest in Vector Aerospace Corporation ("Vector"), resulting in a pre-tax gain of $11.8 million. As a result, the Company no longer directly or indirectly holds any shares of Vector. A pre-tax loss of $1.6 million on the settlement of loans to certain directors and/or their affiliates to purchase Vector shares was offset against the gain from the sale of the Company's remaining 20% interest in Vector. On January 28, 2000, the Company sold its 33.3% interest in Helicopteros SA, a Spanish helicopter operator, for net proceeds that approximated the book value of the investment. On April 10, 2000, the Company sold its 46.7% ownership interest in Airlift AS, a Norwegian onshore helicopter service company, resulting in a pre-tax loss of $5.2 million.

Debt Settlement and Restructuring Costs

During the year ended April 30, 2001, the Company incurred debt settlement and restructuring costs of $21.9 million, related primarily to financing costs and foreign currency translation losses on the settlement of the tender credit facilities on July 5, 2000, costs related to the settlement of inter-company loans and costs related to the cancellation of an interest rate swap.

The debt settlement and restructuring costs of $7.4 million for the year ended April 30, 2000 were comprised of penalties, professional fees and the write-off of deferred financing and deferred foreign exchange amounts related to the early settlement and refinancing of certain long-term debt and costs incurred to integrate the Company's European operations.

Equity in (Loss) Earnings of Associated Companies

Equity in (loss) earnings of associated companies for the year ended April 30, 2001 decreased by $2.4 million to a loss of $0.4 million from equity in earnings of $2.0 million for the year ended April 30, 2000. The decrease was primarily due to the sale of the Canadian onshore helicopter operations in October 2000, the remaining interest in which is now accounted for as an equity investment, and resulted in a loss of $1.6 million.

Income Taxes

Income taxes for the year ended April 30, 2001 decreased by $12.3 million to a recovery of $6.4 million, compared to an expense of $5.9 million for the year ended April 30, 2000. This $6.4 million income tax recovery was comprised of an income tax expense on earnings from operations of $8.6 million; an income tax expense of $1.2 million on the sale of operations and investments; an income tax recovery of $6.7 million related to non-recurring debt settlement and restructuring costs; and an income tax recovery of $9.5 million related to the recognition of future income tax rate reductions in Canada to be phased in over the 2001 to 2004 income tax years. This latter amount was recorded in accordance with the new future income tax accounting standard in Canada.

For the year ended April 30, 2000 the Company reported an income tax expense of $5.9 million, comprised of an income tax expense of $7.3 million on earnings from operations; an income tax expense of $1.9 million on the sale of operations and investments; and an income tax recovery of $3.3 million related to non-recurring debt settlement and restructuring costs. The effective income tax rate on earnings from operations (excluding the impact of future rate reductions in Canada) was 21% in fiscal 2001 compared to 25% in fiscal 2000.

The effective income tax rate is determined by the mix of earnings in the countries in which the Company operates.

Net Earnings

Net earnings for the year ended April 30, 2001 increased $11.9 million to $31.9 million from $20.0 million for the year ended April 30, 2000 due to the factors described above.

Earnings under Canadian GAAP differ from those under U.S. GAAP. Explanation of the significant differences is provided in Note 26 to the consolidated financial statements.

Review by Segment

Europe

The European flying segment consists of major business units in Aberdeen, Scotland and Stavanger, Norway, primarily serving the helicopter transportation requirements of the offshore oil and gas industry in the North Sea. For the year ended April 30, 2001 revenues were $351.3 million, compared to $320.7 million in the prior year. Revenues were derived from helicopter transportation services related to oil and gas production (75.8%), oil and gas exploration (14.2%), emergency medical and search and rescue (2.6%) and other (7.4%).

During the year, combined revenue increases of $89.6 million from increased flying activity, new contracts and rate increases in the North Sea ($14.1 million) and the inclusion of acquired operations (HSG) for the entire fiscal 2001, compared to eight and one-half months in fiscal 2000 ($75.5 million), were partially offset by combined revenue decreases of $59.0 million related to the sale of non-core operations in the U.K., Norway and Sweden during the first quarter of fiscal 2001 ($39.1 million) and less favourable exchange rates for the pound sterling and Norwegian kroner ($19.9 million).

At April 30, 2001 there were 77 aircraft in this segment, consisting of 56 heavy and 21 medium aircraft. Included in the heavy aircraft were 11 Super Puma MKIIs and 30 Super Pumas.

The major countries in which the European flying segment revenues were earned included the U.K. (48%), Norway (38%), Denmark (7%), Ireland (3%) and other European countries (4%). At April 30, 2001, there were 1,142 employees in the segment, including 396 pilots, 239 engineers and 507 administrative and support personnel. Revenues were derived primarily from long-term contracts (86%). Approximately 31% of revenues in the segment during the year ended April 30, 2001 were from the provision of dedicated aircraft to customers. The major customers in this segment during the year ended April 30, 2001 included BP, Mobil, TotalFinaElf, Maersk, Statoil, Norsk Hydro, Phillips, Talisman, Saga, Conoco and the Irish Coast Guard.

Major contracts won during the year included a five-year renewal of a search and rescue contract with the Irish Coast Guard, effective January 1, 2002; a six-year renewal of a crew change contract with Norsk Hydro in the North Sea; a five-year search and rescue contract with Norsk Hydro in the North Sea; and a four-year contract with Talisman Energy in the North Sea. A cost adjustment review, as contemplated under the BP contract in the North Sea, was completed, resulting in retroactive and future rate increases and the addition of dedicated aircraft capacity to the contract. During the year ended April 30, 2001, the Company did not lose any major contracts in this segment. During the year ended April 30, 2002, major long-term contracts with combined annual revenues of approximately $4.0 million (1% of fiscal 2001 segment revenues) will expire and come up for renewal.

The fleet in the segment consists primarily of the Eurocopter Super Puma, the Sikorsky S-61 and the Sikorsky S-76. Increased flying activity during fiscal 2001, combined with new contracts, resulted in two aircraft being added to the fleet, in addition to several short-term leases.

Segment EBITDA during the year ended April 30, 2001 was $62.1 million, compared to $50.9 million during the prior year. The increase of $11.2 million can be attributed to the same factors contributing to the revenue increase. EBITDA as a percentage of revenue was 17.7% in fiscal 2001, compared to 15.9% in fiscal 2000.

International

The International flying segment consists of major business units in Vancouver, Canada; Adelaide, Australia; and Cape Town, South Africa serving offshore oil and gas, emergency medical and search and rescue and other customers. For the year ended April 30, 2001 revenues were $146.2 million, compared to $102.1 million in the prior year. Revenues were derived from helicopter transportation services related to oil and gas production (49.2%), oil and gas exploration (15.6%), emergency medical and search and rescue (15.1%) and other (20.1%).

During the year, combined revenue increases of $52.8 million from increased flying activity and new contracts ($29.9 million) and the inclusion of acquired operations (HSG) for the entire fiscal 2001, compared to eight and one-half months in fiscal 2000 ($22.9 million), were partially offset by a decrease related to less favourable exchange rates for the Australian dollar and South African rand ($8.7 million).

At April 30, 2001 there were 82 aircraft in this segment, consisting of 14 heavy, 51 medium, 14 light aircraft and three fixed-wing aircraft.

The major geographic areas where revenues were earned included Asia (32%), Australia (25%), Africa (24%) and other countries (19%). At April 30, 2001, there were 665 employees in the segment, including 215 pilots, 226 engineers and 224 administrative and support personnel. Revenues in the segment were derived primarily from long-term contracts (68%). Approximately 92% of revenues in the segment during the year ended April 30, 2001 were from the provision of dedicated aircraft to customers. The major customers in this segment during the year ended April 30, 2001 included ExxonMobil, Unocal, Chevron, Sable Energy, BP, Shell, Triton, TotalFinaElf, Premier, Soekor, De Beers, the Royal Australian Air Force, Victoria Police, the United Nations and Newfield Australia.

Major contracts won during the year included a one-year non-military contract with the United Nations in East Timor; a six-year contract with Sable Offshore Energy in Canada; a five-year contract with Mobil in Canada; a new five-year contract with Chevron in Thailand; a new seven-year air ambulance contract with the Metropolitan Ambulance Service in Victoria, Australia; and a four-year offshore contract with Newfield Australia. During the year ended April 30, 2001, the Company did not lose any major contracts in this segment. During the year ended April 30, 2002, major long-term contracts with combined annual revenues of approximately $16.0 million (11% of fiscal 2001 segment revenues) will expire and come up for renewal.

The fleet in the segment consists primarily of medium aircraft such as the Sikorsky S-76, but also includes a number of heavy aircraft, including the Eurocopter Super Puma and the Sikorsky S-61. Increased flying activity during fiscal 2001, combined with new contracts, resulted in six aircraft being added to the fleet.

Segment EBITDA during the year ended April 30, 2001 was $30.8 million, compared to $21.2 million during the prior year. The increase of $9.6 million can be attributed to the same factors contributing to the revenue increase. EBITDA as a percentage of revenue was 21.1% in fiscal 2001, compared to 20.8% in fiscal 2000.

Repair and Overhaul

The Repair and Overhaul segment consists of a major facility located in Stavanger, Norway, providing repair and overhaul services for the Company's own fleet and for an external customer base in Europe, Asia and North America.

For the year ended April 30, 2001, combined internal and third-party revenues were $131.9 million, compared to $88.8 million in the prior year. Third-party revenues were $34.4 million, compared to $23.4 million last year.

During the year, combined third-party revenue increases of $12.7 million from new business ($3.2 million) and the inclusion of acquired operations (HSG) for the entire fiscal 2001, compared to eight and one-half months in fiscal 2000 ($9.5 million), were partially offset by a decrease related to less favourable exchange rates for the Norwegian kroner ($1.7 million).

During fiscal 2001, approximately 41% of third-party segment revenues were derived from long-term contracts. During the year ended April 30, 2001 no major contracts were lost. In fiscal 2002, major contracts with combined annual revenues of approximately $9 million, representing 26% of fiscal 2001 third-party segment revenues, will expire and come up for renewal. During fiscal 2001, revenues were derived from third-party customers located in Europe (71%), North America (22%) and other countries (7%).

Segment EBITDA during the year ended April 30, 2001 was $24.9 million, compared to $16.7 million during the prior year. EBITDA as a percentage of total segment revenue was 18.9% in both fiscal 2001 and fiscal 2000.

During February 2001 the Company announced an expansion of its license arrangements with Turbomeca for the repair and overhaul of various engine types manufactured by Turbomeca. The expanded engine license will enable the Company to provide overhaul, repair and logistics requirements for the European fleet of Super Puma helicopters, with the added capability of servicing other customers worldwide in coordination with Turbomeca. This expands an existing license for the repair and overhaul of engines in Scandinavia and within the Company's own Super Puma fleet.

Canada

The Canadian segment consisted of onshore helicopter operations in Canada. These operations were sold effective October 31, 2000, with the Company retaining a 45% common equity interest. Revenue and EBITDA for the six-month period prior to the sale on October 31, 2000 were $62.0 million and $13.9 million, respectively, resulting in EBITDA as a percentage of revenue of 22.4%. Comparative revenue and EBITDA for fiscal 2000 were $87.8 million and $13.7 million, respectively, resulting in EBITDA as a percentage of revenue of 15.6%. The higher EBITDA percentage in fiscal 2001 was the result of including the two most profitable quarters for the Canadian onshore helicopter business, which is a seasonal business. Effective November 1, 2000 the Company commenced accounting for the Canadian onshore helicopter operations as an equity investment. During fiscal 2001 an equity loss of $1.6 million was recorded, reflecting the seasonal nature of the business.

Liquidity and Capital Resources

Operating Activities

For the year ended April 30, 2001, the Company generated $115.2 million of operating cash flow before interest and income taxes, up $26.1 million from the $89.1 million generated during the year ended April 30, 2000. Net cash flow from operations was $63.2 million for the year ended April 30, 2001, up $31.2 million from the $32.0 million generated in fiscal 2000. The increase in net cash flow from operations was due primarily to increased earnings from operations and a reduction in cash taxes related to an income tax refund received during the year. Non-cash working capital increased by $30.4 million during the year ended April 30, 2001. This increase was due primarily to higher levels of receivables and inventory, and a decrease in the level of trade payables. Both receivables and inventory increased to support expanded repair and overhaul and flying operations. These increases were partially offset by a reduction in receivables and inventory related to the sale of operations.

The build-up in accounts receivable related in part to the Canadian onshore helicopter operations, which increased accounts receivable due to seasonal operations during the period prior to the disposition of this business on October 31, 2000. In addition, the Company's accounts payable were unusually high at the start of fiscal 2001, just prior to the refinancing of the Company's debt.

Working capital was $172.7 million at April 30, 2001, compared to $140.0 million at April 30, 2000. Cash was $23.6 million at April 30, 2001, compared to $24.6 million at the end of the previous year. Accounts receivable were $137.7 million at April 30, 2001, an $11.2 million decrease over the balance at the end of the previous year. The sale of operations in the U.K., Norway, Sweden and Canada during the year resulted in a reduction of approximately $11.0 million in trade receivables and a reduction in inventory of $17.5 million. The reduction in inventory from asset sales was partially offset by increased inventory levels required to support growth in the helicopter flying and repair and overhaul activities. Payables and accruals at April 30, 2001 were $137.1 million, a $17.2 million reduction from the balance at the end of the previous year. This reduction was due primarily to the sale of operations during the year and to accounts payable returning to normal levels upon the completion of the Company's debt refinancing on July 5, 2000. The current portion of long-term debt decreased by $17.7 million compared to the prior year. The April 30, 2000 balance included amounts related to proceeds from asset sales that were used to repay debt early in fiscal 2001.

The Company believes that it will be able to access sufficient working capital to meet its current and future requirements.

Financing Activities

Total debt (net of cash) was $440.5 million at April 30, 2001, compared to $565.5 million at April 30, 2000, a decrease of $125.0 million or 22.1%. This decrease was due primarily to proceeds of $150.5 million from the sale of non-core assets and operations being used to reduce debt, partially offset by investments in new aircraft and working capital for growth in international markets. The ratio of total debt (net of cash) to EBITDA improved from 6.0:1 in 2000 to 3.8:1 in 2001.

On July 5, 2000 the Company completed the sale of €145.0 million of senior subordinated notes due 2007. The senior subordinated notes bear interest at 11¾% per annum and were issued at 98.825% of their face value for an effective yield of 12.0%. Proceeds from the senior subordinated notes, net of expenses, were approximately €138.9 million. The Company may redeem the senior subordinated notes, in whole or in part, at any time on or after July 15, 2004 at specified redemption prices. At any time prior to July 15, 2003, the Company may redeem up to 35% of the notes with net proceeds of a public equity offering at a redemption price equal to 111.75% of the principal amount provided certain other conditions have been satisfied.

Also, on July 5, 2000 the Company established senior credit facilities with a Canadian chartered bank (the "Bank"). The senior credit facilities consisted of two term loans and a revolving credit facility in an aggregate amount available of U.S. $225.0 million. The tota available was later reduced to U.S. $161.0 million, reflecting the asset sales completed durin fiscal 2001. During fiscal 2001, as part of its foreign currency risk management strategy, the Company converted U.S. $90.0 million and $38.5 million of the senior credit facilitie to pounds sterling. The total pound sterling debt at April 30, 2001 was £75.0 million. At April 30, 2001 the Company had drawn $226.7 million of the senior credit facilities (including letters of credit and guarantees), with $13.6 million remaining for future workin capital requirements. The senior credit facilities mature on July 6, 2005. The balance of the Company's tender credit facilities (which had been used to finance the acquisition of HSG) was repaid on July 5, 2000 in its entirety with the net proceeds of the senior credi facilities and the senior subordinated notes.

The interest rate on the senior credit facilities decreases as the ratio of total debt to EBITD decreases. During the year ended April 30, 2001, the interest rate was Bankers Acceptance and LIBOR (U.S. or U.K.) plus a margin of 3.0%. The margin decreased to LIBOR plu 2.5% during the first quarter of fiscal 2002, and is expected to result in a reduction of approximately $1 million in financing costs in fiscal 2002.

At April 30, 2001, the Company's total debt was denominated as follows: €145.0 million ($197.6 million), £75.0 million ($164.8 million), U.S. $33.1 million ($50.9 million), NOK 150.9 million ($25.5 million), and $25.3 million.

The terms of certain of the Company's debt agreements and helicopter lease agreements impose operating and financial limitations on the Company. Such agreements limit, among other things, the Company's ability to incur additional indebtedness, create liens, make capital expenditures, sell or sublease assets, engage in mergers or acquisitions and make dividend and other payments. The Company's ability to comply with any of the foregoing limitations and with loan repayment provisions will depend on future performance. This will be subject to prevailing economic conditions and other factors, some of which may be beyond the Company's control. During the year, the Company was in compliance with all covenants and other conditions imposed by its debt and helicopter lease agreements.

The Company has given guarantees to certain lessors in respect of leases which contain a cross-acceleration right in the event of default under the terms of the senior credit facilities causing the senior lenders to accelerate their debt. These guarantees have been pledged as security by the lessors to certain financial institutions which provided financing for certain sale-leaseback transactions. If the Company fails to meet the senior credit facilities' financial ratios or breaches any of the covenants of those facilities and, as a result, the senior lenders accelerate their debt, the leases provide for a cross-acceleration that could give the lessors and financial institutions the right to terminate the leases and require return of the aircraft and payment by the lessees of the present value of all future lease payments (those future lease payments related to helicopter leases aggregated approximately $169.6 million on an undiscounted basis as of April 30, 2001) and certain other amounts. If the realized value of the retained aircraft is insufficient to discharge the indebtedness due to those lessors in respect of the present value of the future lease payments, and the lessees are otherwise unable to pay any deficiency in the amounts due, the financial institution could obtain payment of that deficiency from the Company under these guarantees.

On February 22, 2000, as part of the Company's financing arrangements with the Bank, the Company issued warrants to the Bank to purchase up to a total of 1,754,475 Class A subordinate voting shares ("subordinate voting shares") exercisable at $3.70 per subordinate voting share. Three separate warrants were issued to purchase 350,895 subordinate voting shares exercisable from April 30, 2000; 701,790 subordinate voting shares (potentially exercisable from July 31, 2000); and a further 701,790 subordinate voting shares (potentially exercisable from October 31, 2000). Each warrant was to be exercisable as of the specified date only if (i) the Company had not refinanced its existing debt with the Bank such that the Bank's participation in any refinancing facility was 50% or less of the then outstanding facilities and (ii) the Company's total debt to EBITDA ratio was above a specified level. On July 31, 2000, the Company was advised by the Bank that the warrants, potentially exercisable on July 31, 2000 and October 31, 2000, were cancelled. In February 2001, the Bank exercised its warrant to purchase 350,895 subordinate voting shares.

During the year ended April 30, 2001, the Company issued an additional 1.0 million subordinate voting shares related to the conversion of warrants, the exercise of options, and the issue of shares under the employee share purchase plan. Total proceeds related to the issue of these shares were $4.6 million. At April 30, 2001, the Company had 13.4 million Class A subordinate voting shares and 3.0 million Class B multiple voting shares issued and outstanding, compared to 12.4 million and 3.0 million, respectively, at April 30, 2000. Shares issued under the employee share purchase plan generated proceeds of $0.1 million during the year ended April 30, 2000.

The Company paid a dividend of $0.11 per share or $1.7 million in fiscal 2001. No dividends were paid during the year ended April 30, 2000. Dividend payments are restricted by covenants in loan agreements.

Investing Activities

Capital expenditures of $40.1 million were incurred during the year ended April 30, 2001. Of this amount, $29.1 million related to aircraft additions and modifications and $11.0 million related to other property and equipment. The other property and equipment additions included $1.6 million related to the CHC Composites ("Composites") facility. Proceeds on disposal of capital assets were $2.7 million for the year ended April 30, 2001. Based on an appraisal as of June 2001 by HeliValue$, Inc., an independent helicopter valuation company, the fair market value of the Company's helicopter and fixed wing fleet was U.S. $436.2 million ($669.9 million). The fair market value exceeded its recorded net book value by approximately $262.0 million at April 30, 2001.

During fiscal 2000, the Company received government grants of $4.4 million in respect of equipment at Composites. Composites is a subsidiary that manufactures advanced composite and bonded metal components for the aerospace industry. The purpose-built facility to be operated by Composites in Canada is currently in the pre-operating phase. No government grants in respect of equipment were received for the year ended April 30, 2001. Of the total amounts received to date, $7.9 million was recorded as deferred government assistance in other credits at April 30, 2001 and $10.4 million at April 30, 2000. This funding is not repayable but is subject to certain conditions which, if not met, could result in the conversion of the assistance to fully-paid, voting common shares of Composites. Pre-operating expenses of $5.1 million were capitalized during the year ended April 30, 2001. Total pre-operating expenses capitalized in respect of this facility were $7.8 million at April 30, 2001.

During the year ended April 30, 2001, the Company introduced an Executive Share Purchase Plan, under which certain senior management can use interest-free loans advanced by the Company to acquire shares of the Company. The total amount outstanding under these loans was $3.8 million at April 30, 2001.

The Company had no material capital expenditure commitments at April 30, 2001. Future capital expenditures will be funded from operations or additional debt.

Seasonality

Following the completion of the sale of non-core operations during fiscal 2001, the Company's remaining operations are not significantly seasonally affected. In particular, the sale of the Canadian onshore helicopter operations had a major impact on reducing seasonality. The Canadian onshore operations typically produced significantly higher revenues and earnings in the six-month period ended October 31 than in the remaining six months of the fiscal year. The results of operations for the Canadian onshore helicopter operations have been included in the Company's consolidated financial statements to October 31, 2000. The Company accounts for its 45% investment in Canadian Helicopters by the equity method.

Foreign Currency

The Company prepares consolidated financial statements in Canadian dollars (as described in Note 1 to the consolidated financial statements).

The Company's overall approach to managing foreign currency exposures includes identifying and quantifying its currency exposures and putting in place the necessary financial instruments to manage the exposure. In managing this risk, the Company may use financial instruments including forwards, swaps and other derivative instruments to best manage its exposure. The Company operates under a corporate policy that restricts it from using any financial instrument for speculative purposes. The policy provides that the Company may participate in derivative transactions only with Schedule 1 Canadian chartered banks or other financial institutions with an "A" credit rating.

The Company has developed a risk management plan to mitigate potential risks with respect to foreign currencies. The strategy is to match cash inflows and outflows by currency, thereby minimizing net currency exposures to the extent possible. This is accomplished by ensuring that customer contracts, major expenditures and debt are denominated in the appropriate currencies.

To mitigate the impact that weakening European currencies could have on operating cash flows, the Company has denominated a significant portion of its long-term debt in pound sterling, euros and Norwegian kroner.

During the year ended April 30, 2001, the Company converted $38.5 million and U.S. $90.0 million of its senior credit facilities to pounds sterling. In addition, debt of $21.0 million was converted to U.S. dollars. At the end of the fiscal year, the Company's debt was denominated in euros ($197.6 million), pounds sterling ($164.8 million), U.S. dollars ($50.9 million), Norwegian kroner ($25.5 million) and Canadian dollars ($25.3 million). Also, prior to the end of the year the Company entered into forward contracts to sell U.S. dollars (U.S. $21.6 million), to sell pounds sterling (£4.0 million) and to buy euros (€24.0 million) over the next 12 months to reduce potential currency exposure on future cash flows in these currencies.

The Company's reporting currency is the Canadian dollar. However, the majority of its revenues and operating expenses are denominated in pounds sterling and Norwegian kroner, which are the local currencies of the principal operating subsidiaries in the U.K. and Norway. Throughout fiscal 2001 these currencies weakened against the Canadian dollar. During fiscal 2001 revenues and EBITDA were negatively impacted by $30.4 million and $6.7 million, respectively, as a result of less favourable exchange rates for these and other currencies compared to fiscal 2000.

Through its risk management plan of minimizing net cash flow exposure positions, the Company has hedged all major currency exposures, with the exception of a portion of its Norwegian cash flow position (approximately NOK 65 million). A one-cent change in the exchange rate for the Norwegian kroner would have a $0.7 million impact on pre-tax earnings.

The impact of a change in exchange rates on the Company's foreign currency denominated debt would be deferred and amortized over the remaining term of the debt under Canadian GAAP and would directly impact the current year's earnings under U.S. GAAP. During the year, the Company designated its euro and pound sterling debt as a hedge of its net investment in foreign operations in the U.K. and Norway. As a result, gains and losses on this debt are offset against foreign currency translation adjustments on the Company's net investment in foreign operations, which are deferred as a separate component of shareholders' equity until realized under Canadian GAAP. Under U.S. GAAP, the related translation adjustments and the foreign currency gains and losses of the debt designated as a hedge are included in the determination of comprehensive earnings.

Quantitative and Qualitative Disclosures about Market Risk

The Company records transactions and prepares its financial statements in Canadian dollars. For the year ended April 30, 2001, the Company maintained operations in the U.K., Norway, Sweden, South Africa and Australia, with business also conducted in other countries. These operations are considered financially and operationally self-sustaining. Accordingly, the Company's assets and liabilities are translated into Canadian dollars at the year-end exchange rate. Revenue and expense items are translated into Canadian dollars at monthly exchange rates. Because many of the Company's revenues and expenses occur in currencies other than Canadian dollars, the Company is exposed to exchange rate and currency risks.

To perform sensitivity analysis, the Company assesses the risk of loss in fair values due to the impact of hypothetical changes in interest rates and foreign currency exchange rates on market sensitive instruments. Information provided by the analysis does not necessarily represent the actual changes in fair value that the Company would incur under normal market conditions because, of necessity, all variables other than the specific market risk factor are held constant.

The results of sensitivity analysis at April 30, 2001 follow.

Foreign Currency Exchange Rate Risk

A 10% change in the exchange rate of the euro, U.S. dollar, Norwegian kroner and pound sterling against the Canadian dollar, with all other variables remaining constant, would have resulted in a $43.9 million change in the fair market value of the Company's long-term debt at April 30, 2001. A 10% movement in the foreign currency rates would have resulted in a $9.9 million change in EBITDA from the Company's self-sustaining foreign subsidiaries upon the translation of their income statement from their reporting currencies to Canadian dollars for the year ended April 30, 2001.

Interest Rate Risk

The Company is also exposed to market risk from changes in interest rates, related primarily to variable interest rates on long-term debt. During the year ended April 30, 2001, the Company entered into an interest rate swap agreement to fix the interest costs on £40.0 million of its senior credit facilities. A 10% change in variable interest rates on long-term debt, with all other variables remaining constant, would result in a $1.3 million change in interest expense for the year ended April 30, 2001. Such a change in interest rates would not have a material impact on the fair value of the related long-term debt.

Equity Price Risk

As of April 30, 2001, the Company was not exposed to market risk from changes in the market value of long-term investments as the Company did not hold any publicly-traded long-term investments.

Other Risks

The potential cancellation or loss of contracts could be a risk for the Company. The Company has one customer that accounted for revenue of $77.0 million in fiscal 2001 from five different contracts expiring over the 2003 to 2005 fiscal periods. In addition, the renewal of contracts takes place over a four- to five-year cycle. The Company's major contracts come up for renewal over the period 2002 to 2006 as follows: 7% in 2002, 25% in 2003, 29% in 2004, 33% in 2005, and 6% in 2006. During 2001, the Company renewed several major contracts that commence in fiscal 2002.

Exposure to changes in the cost of aircraft fuel have been mitigated by negotiating contracts in which customers assume responsibility for the cost of fuel. As a result, the Company's exposure to changes in the price of aircraft fuel is not significant.

Companies wishing to hold a license to operate helicopters in Europe must be owned and controlled by a citizen of a country of the European Union. The Company's ability to hold aviation licenses in Europe is contingent on its controlling shareholder, Mr. Craig L. Dobbin, who is a citizen of both Canada and the Republic of Ireland, a European Union member country, owning and controlling the Company. As required by the Senior Credit Agreement, the Company has developed a proposal for steps that it may take so that its operating licenses in Europe are not dependent on the citizenship of Mr. Craig L. Dobbin. The proposal must be capable of being implemented within six months after request by the lenders.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Taxes

The Company is subject to taxation in many jurisdictions throughout the world. The future effective tax rate and tax liability will be affected by a number of factors, such as the amount of taxable income in particular jurisdictions, the tax rates in such jurisdictions, tax treaties between jurisdictions, the extent to which funds are transferred between jurisdictions and income is repatriated, and future changes in law. Generally, the tax liability for each legal entity is determined on either (i) a non-consolidated basis or (ii) a consolidated basis only with other entities incorporated in the same jurisdiction, in either case without regard to the taxable losses of non-consolidated affiliate entities. As a result, the Company may pay income taxes in certain jurisdictions even though on an overall basis a net loss for the period may be incurred.

Principal Differences between Canadian GAAP and U.S. GAAP

The consolidated financial statements have been prepared in accordance with Canadian GAAP, which differ in certain respects from U.S. GAAP. Under U.S. GAAP, net earnings for the years ended April 30, 2001 and 2000 were $20.8 million and $17.3 million, respectively, compared to net earnings of $31.9 million and $20.0 million, respectively, under Canadian GAAP. These differences result primarily from the differing accounting treatments for foreign exchange, pre-operating expenses, debt settlement costs and income tax rate changes. A description of the significant differences applicable to the Company and reconciliations between Canadian GAAP and U.S. GAAP are set out in Note 26 to the consolidated financial statements.

Inflation

Although the Company believes that inflation has not had any material effect on operating results, the Company's business may be affected by inflation in the future.

Accounting Changes in 2001

During fiscal 2001 the Company adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting standards for income taxes, employee future benefits and earnings per share in Canada.

The Company adopted the CICA's new accounting standard with respect to future income taxes, effective May 1, 2000. Under the new standard, future tax benefits and obligations ar[e] determined based on differences between the financial reporting and tax basis of assets and liabilities and measured using the tax rates substantially enacted at the balance sheet date.

The Company has adopted the CICA's new future income tax standard retroactively withou[t] restatement of prior period financial statements. As a result, at May 1, 2000 the Company increased fixed assets by $32.8 million, reduced shareholders' equity by $8.9 million and increased net future tax liability by $41.7 million.

Effective May 1, 2000 the Company also adopted the CICA's new accounting standard fo[r] employee future benefits. The impact of adopting this standard was not material.

Effective for the quarter ended April 30, 2001, the Company retroactively adopted the CICA's new standard for calculating earnings per share. This standard requires that the treasury stock method be used in calculating fully-diluted earnings per share. The impact of adopting this new standard was to increase fully-diluted earnings per share in fiscal 2001 from $1.81 to $1.90 and fully-diluted after-tax earnings from operations per share from $1.87 to $1.96. The following table provides restated quarterly fully-diluted earnings per share for fiscal 2001.

Quarter	Fully-diluted EPS	Fully-diluted after-tax earnings from operations per share
1	$1.62	$0.65
2	(0.92)	0.70
3	0.81	0.26
4	0.38	0.38

Management's Discussion and Analysis of Financial Condition and Results of Operations

Outlook

The Company's focus in fiscal 2002 will be on continuing to meet demand from customers for increased flying hours, negotiating price increases for contracts that expire during 2002 and into 2003, and identifying new opportunities within the core businesses that meet the Company's investment targets.

During fiscal 2001, activity in the Company's major markets increased significantly, resulting in the fleet operating at approximately full capacity. The Company anticipates increased activity in 2002 based on forecasts for flying hours supplied by its customers.

Throughout the year ended April 30, 2001, the Company indicated that the rates being received on certain of its offshore oil and gas industry contracts were not acceptable. The Company indicated it would attempt to address this issue as contracts came up for renewal. During the last three months of fiscal 2001, the Company was able to report several successes in this area, as rate increases were achieved in significant contract renewals with Talisman in the North Sea and Newfield Australia, and in a contract review with BP in the North Sea. With the exception of the BP cost review, the additional revenues from these contracts are largely due to the desire of oil and gas industry customers to have access to dedicated aircraft to meet the increasing level of activity in the offshore oil and gas industry. In addition, subsequent to April 30, 2001 the Company won a five-year renewal of a major contract in Norway with Statoil, with significant rate increases. The impact of these increased rates will start in fiscal 2002.

In addition to these price increases already negotiated, contracts representing an additional 7% of revenues expire in 2002 and the Company hopes to renew these at market rates.

While the Company now has a major position in most of the world's major offshore oil and gas markets, it intends to continue to identify opportunities to expand its global presence to position itself for future growth in existing and emerging oil and gas markets. The Company will continue to apply its rigorous evaluation process to ensure new opportunities fit with its core businesses and satisfy its investment targets.

CHC

Management's Responsibility for Financial Reporting

Management is responsible for the integrity and objectivity of the financial information presented in this Annual Report. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The financial information presented elsewhere in this report is consistent with that shown in the accompanying consolidated financial statements.

Management is also responsible for developing and maintaining the necessary systems of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and that the financial records form a reliable base for the preparation of accurate and timely financial information.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee of the Board of Directors, which consists solely of non-management directors, reviews the consolidated financial statements and recommends them to the Board for approval. The shareholders' auditors have full and unrestricted access to the Board of Directors and the Audit Committee and meet periodically with them to discuss audit, financial reporting and related matters.

Sylvain Allard
President

Jo Mark Zurel
Senior Vice-President
and Chief Financial Officer

Audit Committee Report

To the Shareholders of
CHC Helicopter Corporation

The Audit Committee oversees the financial reporting process on behalf of the Board of Directors. In order to carry out this responsibility, the Committee, composed of Directors, all of whom are independent of management, meets quarterly to review the Company's financial statements and recommends their approval to the Board of Directors. The Audit Committee also reviews, on a continuing basis, any reports prepared by the Company's external auditors relating to its accounting policies and procedures, as well as its internal controls. Financial information prepared for securities commissions and such regulatory bodies is also examined by the Audit Committee before filing. The Committee meets independently with management and the external auditors to review the involvement of each in the financial reporting process. These meetings are designed to facilitate any private communication with the Committee desired by each party. The Audit Committee recommends the appointment of the Company's external auditors, who are elected annually by the Company's shareholders.

John J. Fleming
Chairman of the Audit Committee

Auditors' Report

To the Shareholders of
CHC Helicopter Corporation

We have audited the consolidated balance sheets of CHC Helicopter Corporation as at April 30, 2001 and 2000 and the consolidated statements of earnings, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada and the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

St. John's, Canada
June 15, 2001

Consolidated Balance Sheets

As at April 30 (in thousands of Canadian dollars)
Incorporated under the laws of Canada

CHC

	2001	2000
Assets (Note 9)		
Current assets		
Cash (Note 4)	$ 23,550	$ 24,645
Receivables	137,652	148,895
Income taxes receivable	2,332	–
Future tax assets (Note 17)	4,656	–
Inventory	141,770	136,695
Prepaid expenses	17,447	19,402
	327,407	329,637
Property and equipment, net (Note 6)	517,138	630,132
Long-term investments (Note 7)	24,424	6,797
Other assets (Note 8)	119,957	100,801
Long-term future tax assets (Note 17)	7,362	–
	$996,288	$1,067,367

	2001	2000
Liabilities and Shareholders' Equity		
Current liabilities		
Payables and accruals	$137,051	$ 154,301
Current portion of long-term obligations (Notes 9 and 12)	17,642	35,294
	154,693	189,595
Long-term debt (Note 9)	236,941	542,230
Senior subordinated notes (Note 10)	197,577	–
Subordinated debentures (Note 12)	11,900	12,643
Other credits (Note 13)	39,082	37,219
Future tax liabilities (Note 17)	200,132	166,176
Shareholders' equity	155,963	119,504
	$996,288	$1,067,367

Commitments and contingent liabilities (Notes 22 and 23)

On Behalf of the Board:

Director

Director

See accompanying notes

Consolidated Statements of Earnings

Year Ended April 30 (in thousands of Canadian dollars, except per share amounts)

	2001	2000
Revenue (Note 2)	**$593,849**	$534,049
Operating expenses	**477,300**	440,237
Earnings before undernoted items	**116,549**	93,812
Depreciation and amortization	**(19,980)**	(21,577)
Gain (loss) on disposal of capital assets	**998**	(93)
Earnings from operations	**97,567**	72,142
Financing charges (Note 9)	**(55,483)**	(45,250)
Equity in (loss) earnings of associated companies	**(416)**	1,998
Earnings from operations before undernoted items and income taxes	**41,668**	28,890
Gain on sale of operations and investments (Note 5)	**5,761**	5,259
Debt settlement and restructuring costs (Note 11)	**(21,904)**	(7,447)
Earnings before income taxes recovery (provision) and non-controlling interest	**25,525**	26,702
Income taxes recovery (provision) (Note 17)	**6,395**	(5,919)
Non-controlling interest (Note 7)	**–**	(757)
Net earnings	**$ 31,920**	$ 20,026
Net earnings per share (Note 18)	**$2.03**	$1.30

See accompanying notes

Consolidated Statements of Shareholders' Equity

Year Ended April 30 (in thousands of Canadian dollars, except per share amounts)

	2001	200
Retained earnings, beginning of year as originally stated	**$ 49,350**	$ 29,32
Retroactive application of changes in accounting policies (Note 3)	**(8,870)**	
Retained earnings, beginning of year as restated	**40,480**	29,32
Net earnings	**31,920**	20,02
Dividends paid	**(1,696)**	
Retained earnings, end of year	**70,704**	49,35
Capital stock (Note 14)	**119,493**	114,89
Contributed surplus (Note 14)	**3,291**	3,71
Foreign currency translation adjustment (Note 15)	**(37,525)**	(48,45
Total shareholders' equity	**$155,963**	$119,50
Dividends paid per participating voting share	**$0.11**	$ –

See accompanying notes

Consolidated Statements of Cash Flows

Year Ended April 30 (in thousands of Canadian dollars, except per share amounts)

	2001	2000
Operating activities		
Earnings from operations	$ 97,567	$ 72,142
Items not involving cash:		
Depreciation and amortization	19,980	21,577
(Gain) loss on disposal of assets	(998)	93
Other	(1,370)	(4,758)
Cash flow from operations before interest and income taxes	115,179	89,054
Interest, net of amortization	(54,215)	(46,323)
Net current income taxes received (paid)	2,260	(10,755)
Cash flow from operations	63,224	31,976
Change in non-cash working capital (Note 19)	(30,363)	(10,104)
	32,861	21,872
Financing activities		
Long-term debt advances including revolving line (Note 20)	543,172	620,986
Long-term debt repayments (Note 20)	(114,693)	(54,444)
Debt settlement	(574,392)	(473,633)
Deferred financing costs	(3,749)	(10,522)
Short-term bank indebtedness	–	(27,532)
Government grants received (Note 13)	614	4,406
Capital stock issue	4,662	119
Dividends paid	(1,696)	–
	(146,082)	59,380

	2001	2000
Investing activities		
Net proceeds on disposal of operations and investments (Note 5)	$169,601	$ 35,845
Long-term investments (Note 7)	–	(132,955)
Income taxes paid on disposal of investments	–	(19,347)
Property and equipment		
Additions	(40,105)	(35,658)
Proceeds from disposal	2,723	102,553
Prepaid pension costs	(15,412)	(7,824)
Long-term receivables repayment	3,839	6,181
Helicopter component (betterment) detriment, net	(2,475)	1,112
Pre-operating expenses	(6,795)	(5,167)
Other	522	465
	111,898	(54,795)
Effect of exchange rate changes on cash	228	(4,057)
Change in cash during the year	(1,095)	22,400
Cash, beginning of year	24,645	2,245
Cash, end of year	$ 23,550	$ 24,645
Cash flow from operations per share (Note 18)	$4.02	$2.08

See accompanying notes

Notes to the Consolidated Financial Statements

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

1. Summary of significant accounting policies

Basis of presentation

CHC Helicopter Corporation (the "Company") is a leading provider of helicopter transportation services to the global oil and gas industry. The Company currently operates in 21 countries, with major operating units in Norway, the United Kingdom, South Africa, Australia and Canada. The Company principally provides helicopter transportation services to the oil and gas industry for production and exploration activities and to the emergency medical services and search and rescue sectors.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. They have been prepared by management in accordance with accounting principles generally accepted in Canada and are in accordance with generally accepted accounting principles in the United States except as described in Note 26.

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. By their nature these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material.

Translation of foreign currencies

Transactions denominated in other than the functional currency of the operating divisions are translated at the rate of exchange in effect at the beginning of the month in which the transaction occurred. Monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in earnings, except for unrealized exchange gains and losses on translation of long-term debt, which are deferred and amortized on a straight-line basis over the remaining term of the debt.

The Company's foreign subsidiaries are financially and operationally self-sustaining. Accordingly, their assets and liabilities are translated into Canadian dollars at the year-end exchange rate. Revenue and expense items are translated at monthly exchange rates. The resulting net gains or losses, together with those related to long-term debt denominated in foreign currencies designated as hedges of the Company's self-sustaining foreign operations, are deferred as a separate component of shareholders' equity until realized.

Inventory

Inventory, consisting primarily of aircraft parts, is valued at the lower of average or actual cost, and replacement cost. The cost of overhauled inventory includes the cost of raw materials, direct labour and related overhead.

1. Summary of significant accounting policies (*cont'd*)

Property and equipment

Property and equipment are depreciated over their estimated service lives under the following methods:

Flying assets, comprised of helicopter airframes and components, are depreciated to their estimated residual value over 15 years on a straight-line basis at 2% per annum. Residual values reflect the helicopter component accounting policy and are reviewed regularly to ensure their appropriateness.

Facilities and equipment are amortized on a declining balance or straight-line basis at rates ranging from 5% to 20%.

Helicopter component accounting

Helicopter airframes and components are inspected, repaired and overhauled at intervals as specified by the original equipment manufacturers and aviation regulatory authorities. Costs incurred to perform these inspections, repairs and overhauls are charged to operating expenses over their period of expected future benefit based on flight hours. Routine repair and overhaul costs are charged to operating expenses as incurred.

Long-term investments

Long-term investments where the Company has significant influence are accounted for by the equity method, whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the Company's pro rata share of post-acquisition earnings of the investee. Long-term investments where the Company does not exercise significant influence are carried at cost. Income on these investments is recognized only to the extent of dividends received. In the event of a decline in value which is other than temporary, the investments are written down to estimated realizable value.

Goodwill

Goodwill represents the unamortized excess of the cost of investments over the fair value of the net identifiable assets acquired and is being amortized to earnings on a straight-line basis over estimated lives ranging from 20 to 30 years. The carrying value of goodwill is evaluated for potential permanent impairment on an ongoing basis. In order to determine whether permanent impairment exists, management considers financial condition, as well as expected pre-tax earnings, cash flows or market-related values. Any permanent impairment in the value of goodwill is written off against earnings in the year the impairment is recognized. Total goodwill amortization charged to operations, including that against equity in net earnings of investees amounted to $322,000 (2000 – $765,000). Goodwill included in calculating the loss on the sale of the Company's Canadian onshore helicopter operations and assets (Note 5) was $9.1 million (2000 – Nil).

Deferred financing costs

Deferred financing costs are amortized on a straight-line basis over the term of the related debt.

1. Summary of significant accounting policies (*cont'd*)

Interest capitalized

Interest on funds used to construct property is capitalized for periods preceding the date the asset is capable of operation at predetermined capacity levels.

Pre-operating expenses

The Company defers expenditures net of incremental revenues related to the operations of new businesses in the period prior to the new businesses being capable of consistently providing its intended product and/or service. Deferral occurs where the expenditures are related directly to placing the new business into commercial service, are incremental in nature and are considered by management to be recoverable from the future operations of the new business. Capitalization ceases the earlier of the achievement of a specified commercial activity level or the passage of a specified period of time. Amortization of the deferred costs is based on the expected period and pattern of benefit of the deferred expenditures not exceeding five years.

Government assistance

Government assistance relating to the acquisition of facilities and equipment is recorded as a deferred credit. These credits are amortized over the life of the assets to which they relate on the same basis as the asset is depreciated. Government assistance relating to operations is applied against the related expense at the time earned.

Revenue recognition

Revenue from helicopter operations is recognized based on the terms of customer contracts which generally provide for revenue on the basis of hours flown at contract rates or fixed monthly charges or a combination of both.

Revenue from engine and component repair and overhaul operations is recognized on the percentage of completion basis, measured on the basis of the sales value of the actual costs incurred and work performed. The repair and overhaul operation invoices customers in advance for "power-by-the-hour" ("PBH") contracts. This revenue is recognized only as the work is performed.

Future income taxes

Effective May 1, 2000, the Company adopted the liability method of accounting for income taxes. Under the liability method, future tax assets and liabilities are determined based on accounting and tax basis differences and are measured using substantively enacted tax rates at the balance sheet date (Note 3).

Pension costs and obligations

The Company has defined contribution and defined benefit pension plans covering substantially all of its employees. In valuing pension obligations for its defined benefit plans, the Company uses the accrued benefit actuarial method prorated on services and best estimate assumptions. Pension plan assets are valued at current market values. Adjustments to pension costs are amortized on a straight-line basis over the expected average remaining service life of the plan participants (Notes 3 and 24).

Stock-based compensation plans

The issuance of options under the Company's stock option plan is treated as a capital transaction for accounting purposes and accordingly does not give rise to compensation expense in the consolidated financial statements. The Company's contributions to the employee share purchase plan are expensed as incurred.

1. Summary of significant accounting policies (*cont'd*)

Compensation expense related to stock appreciation rights ("SARs") is measured, in the period in which the SARs vest, as the amount by which the quoted market value of the Company's shares exceeds the value as specified under the SAR plan. Changes in the market value of the shares between the date of the grant of the SARs, or the last measurement date, and the current reporting date result in an increase or decrease in compensation expense in the period. Compensation expense in respect of SARs for the year ended April 30, 2001 was $2.5 million (2000 – Nil).

Financial instruments

The Company periodically enters into derivative financial instruments, mainly foreign exchange contracts and interest rate swap agreements used to manage currency and interest rate risks. Gains and losses on foreign exchange contracts designated as hedges of foreign currency commitments are recognized in income in the same period as gains and losses on the underlying transactions. Payments and receipts under interest rate swap agreements are recognized as adjustments to interest expense.

2. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation, including $20.0 million in revenue for 2000 reallocated against operating expenses which represented revenue on expenses re-charged to customers that, commencing in 2001, are presented on a net basis.

3. Changes in accounting policies

Future income taxes

The Canadian Institute of Chartered Accountants ("CICA") has issued a new accounting recommendation with respect to future income taxes, which has been adopted by the Company effective May 1, 2000. Under the new standard, future tax benefits and obligations are determined based on differences between the financial reporting and tax basis of assets and liabilities and measured using the tax rates substantively enacted at the balance sheet date.

The Company has adopted the future income tax standard retroactively without restatement of individual prior year financial statements. As a result, at May 1, 2000 the Company increased fixed assets by $32.8 million, reduced shareholders' equity by $8.9 million and increased net future tax liability by $41.7 million.

During the third quarter of 2001, the Company recorded an income tax recovery of $9.5 million related to future income tax rate reductions. These rate reductions will be phased in over the 2001 to 2004 income tax years. In accordance with the new CICA accounting recommendation with respect to income taxes, these rate reductions are reflected in earnings when they are substantively enacted. Other than the $9.5 million recovery of income taxes related to the Canadian tax rate reductions, the impact of the adoption of the new accounting standard for the year was not significant.

Notes to the Consolidated Financial Statements

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

3. Changes in accounting policies (*cont'd*)

Employee future benefits

The Company has adopted on a prospective basis the CICA's new accounting recommendation with respect to employee future benefits, effective May 1, 2000. The adoption of this standard had no significant impact on the current year's results or financial position.

Earnings per share

The Company adopted the CICA's new accounting recommendation with respect to earnings per share, effective February 1, 2001, whereby the Company has changed from the imputed earnings to the treasury stock method of accounting for fully-diluted earnings per share. This policy has been applied retroactively and the adoption of this standard resulted in fully-diluted earnings per share for the year ended April 30, 2001 being calculated at $1.90 under the treasury stock method compared to $1.81 under the imputed earnings method. The impact on fully-diluted earnings per share for the year ended April 30, 2000 was an increase from $1.14 per share to $1.29 per share. The impact on fully-diluted cash flow from operations per share for the year ended April 30, 2000 was an increase from $1.81 per share to $2.06 per share (Note 18).

4. Cash

At April 30, 2001, cash includes funds restricted for taxes withheld of $7.6 million (April 30, 2000 – $8.4 million).

5. Gain on sale of operations and investments

During the year ended April 30, 2001, the Company sold four non-core operations for total net proceeds of $169.6 million, resulting in a pre-tax gain of $5.8 million. The operations disposed of include certain U.K.-based non-oil and gas related operations; a wholly-owned onshore helicopter services company, Heliflyg AB; Lufttransport AS, a wholly-owned fixed-wing air ambulance service company; and Canadian onshore helicopter operations and assets.

During the year ended April 30, 2000, the Company sold the remaining 5.5 million common shares of Vector Aerospace Corporation ("Vector") at a price of $6.25 per share; disposed of its 33.3% equity ownership interest in Helicopteros SA, a Spanish helicopter operating company; and disposed of its 46.7% equity investment in Airlift AS, a helicopter operator in Norway, all for proceeds, net of expenses, of $35.8 million resulting in a pre-tax gain of $5.3 million.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

6. Property and equipment

	2001	2000
Flying assets		
Cost	$581,840	$709,106
Accumulated depreciation	41,891	50,183
	539,949	658,923
Amortization of helicopter components	92,415	121,895
	447,534	537,028
Facilities		
Cost	62,701	78,919
Accumulated depreciation	12,436	14,651
	50,265	64,268
Equipment		
Cost	36,282	42,395
Accumulated depreciation	16,943	13,559
	19,339	28,836
	$517,138	$630,132

7. Long-term investments and acquisitions

	2001	2000
Long-term investments, at equity		
Canadian Helicopters (45%)	$ 2,943	$ –
Wiking Helikopter Service GmbH (49%)	6,258	5,804
Long-term investments, at cost		
Canadian Helicopters, preferred shares	15,000	–
Other	223	993
	$24,424	$ 6,797

In October 2000, the Company completed the sale of its Canadian onshore helicopter operations and assets to a new company, Canadian Helicopters ("CH"), and acquired a 45% common equity interest in CH for cash consideration of $4.5 million. In addition, the Company invested $15 million in CH's preferred shares, which is accounted for by the cost method.

Notes to the Consolidated Financial Statements

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

7. Long-term investments and acquisitions (*cont'd*)

As of August 11, 1999 the Company had acquired 91.3% of the outstanding shares of Helicopter Services Group ("HSG") and the remaining shares were acquired on September 30, 1999. The total cash consideration, including transaction costs, for the acquisition of the HSG shares was $229.5 million. The acquisition has been accounted for as a purchase, with the results of operations of HSG included in the consolidated financial statements from August 11, 1999. The purchase price was allocated based on the fair value of the net identifiable assets acquired as follows:

Cash (net of bank indebtedness)	$ 45,100
Other current assets	184,800
Capital assets	457,000
Other long-term assets	92,700
Current liabilities	(108,600)
Long-term debt	(325,300)
Other long-term obligations	(116,200)
Total consideration	$229,500

8. Other assets

	2001	2000
Prepaid pension costs (Note 24)	$ 59,398	$ 54,706
Deferred financing costs, less accumulated amortization of $3,837,401 (2000 – $4,229,444)	18,712	5,576
Long-term loans bearing interest at 5.5% (2000 – 5.3%)	10,276	14,030
Loan receivable from equity investee (CH)	9,692	–
Pre-operating expenses	9,158	5,780
Note receivable	5,056	–
Employee stock purchase loans	3,836	–
Deferred foreign currency translation losses, less accumulated amortization of $97,828 (2000 – $4,460,118)	674	3,038
Goodwill, less accumulated amortization of Nil (2000 – $5,814,982)	–	10,670
Deposits	–	3,577
Other	3,938	3,424
	120,740	100,801
Less: current portion	(783)	–
	$119,957	$100,801

The long-term loans bearing interest at 5.5% (2000 – 5.3%) are junior loans on certain leased aircraft. Principal and accrued interest are due at maturity. The loans mature between February 2005 and February 2007.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

8. Other assets (*cont'd*)

The loan receivable from CH of $9.7 million bears interest at 255 basis points above the Bankers Acceptance rate, matures November 2005 and is receivable in blended monthly principal and interest installments of $130,000, with a balloon payment due at maturity. The loan is secured by certain aircraft and letters of credit and relates to the sale of the Canadian onshore helicopter operations.

The note receivable bears interest at 9% and matures May 2002. The note is denominated in pounds sterling and interest is receivable quarterly on the principal outstanding. The loan is secured by a second-ranking debenture containing limited mortgages and fixed and floating charges over all fixed assets of the borrower and relates to the sale of certain U.K.-based non-oil and gas related operations.

The employee stock purchase loans are non-interest bearing full recourse loans, have as collateral a pledge of the related shares purchased and require payments equal to 5% of the original loan principal on each loan anniversary date, with the balance payable on the tenth anniversary. Upon termination of employment, the loans are required to be repaid within 60 days.

9. Long-term debt

Interest Rates	Repayment Terms	Maturity Dates	2001	2000
Senior credit facilities				
Revolving credit facilities				
CAD prime + 2%	At maturity	July 2005	$ 3,679	$ –
U.S. base rate + 2%	At maturity	July 2005	6,919	–
BA + 3%	At maturity	July 2005	4,000	–
U.S. LIBOR + 3%	At maturity	July 2005	43,576	–
Non-revolving credit facility				
U.K. LIBOR + 3%	Quarterly and at maturity	July 2005	163,983	–
Other term loans				
NOK LIBOR + 0.95%	Semi-annually	November 2018	25,404	26,382
12% unsecured, subordinated note due to an affiliate of the controlling share-holder (Note 25)	At maturity	December 2010	4,157	3,598
5.75% convertible promissory note (Note 14)	On demand	–	384	–
Non-interest bearing	Monthly	October 2007	859	–
3.22%	Monthly	June 2001	77	502
5.75%	At maturity	January 2008	802	–
Tender credit facilities				
U.S. LIBOR + 4.25%	At maturity	July 2000	–	407,000
U.S. base rate + 3.25%	At maturity	July 2000	–	7,406
BA + 4.25%	At maturity	July 2000	–	125,000
CAD prime + 3.25%	At maturity	July 2000	–	6,893
Total long-term debt			253,840	576,781
Less: current portion			16,899	34,551
			$236,941	$542,230

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

9. Long-term debt (*cont'd*)

At April 30, 2001, bank indebtedness of approximately $3.7 million has been classified as long-term debt as it is considered part of the revolving credit facilities under the senior credit facilities.

The Company entered into tender credit facilities with a Canadian bank in fiscal 2000 in connection with its acquisition of HSG. On July 5, 2000 the tender credit facilities were repaid with the proceeds from the senior subordinated notes (Note 10) and the senior credit facilities.

The terms of certain of the Company's debt agreements and helicopter lease agreements impose operating and financial limitations on the Company. Such agreements limit, among other things, the Company's ability to incur additional indebtedness, create liens, make capital expenditures, sell or sublease assets, engage in mergers or acquisitions and make dividend and other payments. During the year, the Company was in compliance with all covenants and other conditions imposed by its debt and helicopter lease agreements.

Collateral

As collateral for certain term loans the Company has provided specific charges on real estate and other assets with net book values of $25.6 million as at April 30, 2001. As collateral for the senior credit facilities, the Company has provided a $750.0 million debenture, providing a fixed charge over all material freehold and leasehold real property and all aircraft, a floating charge over all other property and a general assignment of book debts.

Foreign currency

Total long-term debt denominated in foreign currencies and the Canadian dollar equivalent is as follows:

	2001	2000
Euro debt €145,000,000 (2000 – Nil) (Note 10)	$197,577	$ –
U.S. dollar debt U.S. $33,133,641 (2000 – U.S. $280,004,000)	50,880	414,406
Pound sterling debt £74,963,379 (2000 – Nil)	164,785	–
Norwegian kroner debt NOK 150,955,000 (2000 – NOK 162,533,000)	25,481	26,883
	$438,723	$441,289

Financing charges

	2001	2000
Interest on long-term debt	$ 53,625	$ 45,389
Interest on short-term debt	1,673	3,160
Amortization of deferred financing costs and foreign currency translation (gains) losses	2,364	(1,073)
Other	(2,179)	(2,226)
	$ 55,483	$ 45,250

During the year approximately $1.1 million (2000 – Nil) of interest has been capitalized related to funds used to construct certain facilities.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

9. Long-term debt (*cont'd*)

The applicable variable interest rates at April 30, 2001 were: CAD Prime – 6.5% (2000 – 7.0%); U.S. LIBOR – 4.76% (2000 – 6.13%); NOK LIBOR – 7.40% (2000 – 6.36%); U.K. LIBOR – 5.52% (2000 – N/A); Bankers Acceptance (BA) – 4.93% (2000 – 5.66%); and U.S. Base Rate 7.50% (2000 – 9.5%).

Repayment requirements

Principal repayment requirements over the next five years are as follows:

2002	$ 16,899
2003	19,389
2004	20,074
2005	20,074
2006	154,475

10. Senior subordinated notes

The €145.0 million ($197.6 million) senior subordinated notes bear interest at 11¾% per annum, payable semi-annually on January 15 and July 15, and are due July 2007.

The senior subordinated notes and the subsidiary guarantees are senior subordinated indebtedness and rank behind all of the Company's existing and future senior indebtedness including borrowings under the senior credit facilities (Note 9). The senior subordinated notes rank equally with other senior subordinated indebtedness and rank senior to subordinated indebtedness. The guarantees of the senior subordinated notes rank behind all existing and future guarantor senior indebtedness of the guarantor subsidiaries, including guarantees of borrowings under the senior credit facilities.

The Company may redeem the senior subordinated notes in whole or in part at any time on or after July 15, 2004 at a redemption price ranging from 105.875% to 100% of the principal amount of the senior subordinated notes being redeemed. In addition, at any time prior to July 15, 2003, the Company may redeem up to 35% of the original principal amount of the senior subordinated notes, within 90 days of one or more public equity offerings, with the net proceeds of such offerings at a redemption price equal to 111.75% of the principal amount provided that immediately after giving effect to such redemption at least 65% of the original principal amount of the senior subordinated notes remains outstanding.

11. Debt settlement and restructuring costs

During the year ended April 30, 2001, the Company incurred $21.9 million of debt settlement costs related to the refinancing of the tender credit facilities, the early repayment of certain inter-company loans and the early termination of an interest rate swap agreement (Note 16).

During the year ended April 30, 2000, the Company incurred $5.5 million of debt settlement costs related to refinancing certain term loans and, as a result of the HSG acquisition, incurred $1.9 million of restructuring costs related to the integration of its European operations.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

12. Subordinated debentures

The subordinated debentures bear interest at 8% per annum, payable semi-annually on April 30 and October 31, and are due August 2007. The debentures are subordinated to all senior indebtedness including the senior credit facilities (Note 9) and the senior subordinated notes (Note 10). The Company may redeem the debentures at a redemption price ranging from 102.4% to 100% of the principal amount of the debentures being redeemed. The trust indenture requires mandatory sinking fund payments and equivalent subsequent redemptions of subordinated debentures of $743,000 on August 31 of each of the next six years. The sinking fund payment required on August 31, 2001 is included in current portion of long-term obligations. The Company has pledged its shares of CHC Helicopter Holdings Limited, a wholly-owned subsidiary, as collateral for the debentures.

13. Other credits

	2001	2000
Deferred revenue	$16,634	$13,524
Deferred government assistance	7,889	10,407
Accrued pension obligation	8,068	5,408
Deferred gains	832	3,880
Insurance claims accrual	5,659	4,000
	$39,082	$37,219

The Company has entered into unfunded supplementary retirement plan agreements with certain of its executives. The accrued benefit obligation included in other credits at April 30, 2001 was $6.9 million (2000 – $5.1 million). In addition, in Norway the Company has an unfunded early retirement pension plan. The accrued pension obligation related to this unfunded plan and related amounts included in other credits at April 30, 2001 was $1.2 million (2000 – $342,000).

During the year ended April 30, 2000 the Company received $4.4 million in government assistance related to facilities and equipment. During the year ended April 30, 2001 the Company received $0.6 million in government assistance to offset training costs. Deferred government assistance included in other credits consists of $7.9 million related to plant and equipment at April 30, 2001 (2000 – $10.4 million). This assistance is not repayable but is subject to certain conditions which, if not met, could result in the conversion of the assistance to fully-paid common shares of a subsidiary company. Included in receivables at April 30, 2000 was $6.9 million in additional government assistance related to operations based on economic assistance tied to income tax relief.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

14. Capital stock and contributed surplus

Capital Stock

Authorized:

Unlimited number of each of the following:
- First preferred shares, issuable in series
- Second preferred shares, issuable in series
- Class A subordinate voting shares
- Class B multiple voting shares
- Ordinary shares

Issued:

	Number of shares		Consideration	
	2001	2000	**2001**	2000
Class A subordinate voting shares	**13,400**	12,429	**$100,464**	$ 94,809
Class B multiple voting shares	**2,975**	2,975	**19,029**	19,029
Class A subordinate voting share purchase warrants	**–**	964	**–**	1,054
Ordinary shares	**11,000**	11,000	**33,000**	33,000
Share loan	**–**	–	**(33,000)**	(33,000)
			$119,493	$114,892
Contributed surplus			**$ 3,291**	$ 3,715

Capital stock transactions

	Class A subordinate voting shares	Class B multiple voting shares	Class A subordinate voting share purchase warrants	Ordinary shares
Number of shares				
Balance, April 30, 1999	12,386	2,985	613	11,000
Shares issued to employees for cash				
Stock Option Plan		2		
Share Purchase Plan	31			
Share conversion	12	(12)		
Warrant issue			351	
Balance, April 30, 2000	12,429	2,975	964	11,000
Shares issued to employees for cash				
Stock Option Plan	20			
Share Purchase Plan	23			
Warrant exercise	928		(928)	
Warrant expiry			(36)	
Balance, April 30, 2001	13,400	2,975	–	11,000

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

14. Capital stock and contributed surplus *(cont'd)*

	Class A subordinate voting shares	Class B multiple voting shares	Class A subordinate voting share purchase warrants	Ordinary shares
Stated value				
Balance, April 30, 1999	$ 94,629	$19,090	$1,054	$2,279
Value of conversion feature on subordinated note (Note 25)				1,436
Shares issued to employees for cash				
Stock Option Plan		1		
Share Purchase Plan	118			
Share conversion	62	(62)		
Balance, April 30, 2000	94,809	19,029	1,054	3,715
Shares issued to employees for cash				
Stock Option Plan	85			
Share Purchase Plan	175			
Warrant exercise	5,395		(993)	
Warrant expiry			(61)	61
Value of conversion feature on subordinated note (Note 25)				(485)
Balance, April 30, 2001	$100,464	$19,029	$ –	$3,291

During fiscal 2001, 577,348 of the Class A subordinate voting share purchase warrants were exercised at $9.375 less the $4.00 special dividend paid to these warrant holders, resulting in net proceeds to the Company of $5.375 per warrant or $3.1 million. The remaining 35,696 warrants expired in December 2000.

During the year ended April 30, 2000, the Company issued 350,895 Class A subordinate voting share purchase warrants to a Canadian chartered bank, exercisable at a price of $3.70 per Class A subordinate voting share. These warrants were fully exercised in February 2001 for $1.3 million.

On June 1, 1999, in connection with certain financing for the acquisition of a 7% interest in HSG, the Company issued to a Canadian chartered bank a demand, convertible, promissory note in the principal amount of U.S. $250,000 ($383,900) with interest at 5.75% per annum, convertible into 105,000 Class A subordinate voting shares at any time up to June 1, 2004 at an effective conversion price of $3.45 per Class A subordinate voting share.

The Class A subordinate voting shares carry the right to one vote per share and the Class B multiple voting shares carry the right to 10 votes per share; in all other respects the Class A subordinate voting shares rank equally and ratably with the Class B multiple voting shares.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

14. Capital stock and contributed surplus *(cont'd)*

The Company has issued 11,000,000 ordinary shares to a company owned by its majority shareholder for subscriptions of $33.0 million. Concurrently, to fund the subscriptions for the ordinary shares, the Company made a non-interest bearing loan to the purchaser, payable on demand and the Company has a lien on the ordinary shares issued. The ordinary shares entitle the holder thereof to (i) one vote for every 10 ordinary shares held; (ii) dividends equivalent on a per share basis to any dividend paid on the Company's Class A subordinate voting shares and Class B multiple voting shares, subject to prior minority shareholder approval; and (iii) receive a share of the residue of the Company, on a liquidation or winding-up, equal, on a share for share basis, to the amount received by a holder of a Class A subordinate voting share or a Class B multiple voting share. The ordinary shares are redeemable at the option of the Company at the subscription price thereof in certain circumstances.

Declaration of dividends is restricted by covenants contained in the Company's loan agreements.

The Company has reserved 2,247,165 Class A subordinate voting shares for an employee share option plan, under which share options have been granted to certain officers and employees. The options may be exercised within a period of 10 years from the date of the granting of the option at exercise prices representing the share market value at the date of granting the options. The options vest at the grant date. As at April 30, 2001 total outstanding options were 1,472,595 (2000 – 1,492,595) for the Class A subordinate voting shares.

A summary of recent share option activities is as follows:

	2001							
	Number of options – Exercise price range $1.10 – $1.38	Weighted average exercise price	Number of options – Exercise price range $3.10 – $4.30	Weighted average exercise price	Number of options – Exercise price range $6.25 – $9.00	Weighted average exercise price	Total number of options	Total weighted average exercise price
Class A Subordinate Voting Share Options								
Beginning of year	12	$1.14	946	$4.16	535	$8.94	1,493	$5.85
Exercised	–	–	(20)	4.28	–	–	(20)	4.28
End of year	12	$1.14	926	$4.16	535	$8.94	1,473	$5.87
Weighted average contractual life of options outstanding		5.4 years		7.7 years		6.3 years		7.2 years

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

14. Capital stock and contributed surplus (*cont'd*)

	2000							
	Number of options – Exercise price range $1.10 – $1.38	Weighted average exercise price	Number of options – Exercise price range $3.10 – $4.30	Weighted average exercise price	Number of options – Exercise price range $6.25 – $9.00	Weighted average exercise price	Total number of options	Total weighted average exercise price
Class A Subordinate Voting Share Options								
Beginning of year	12	$1.14	852	$4.28	535	$8.94	1,399	$6.04
Granted	–	–	94	3.10	–	–	94	3.10
End of year	12	$1.14	946	$4.16	535	$8.94	1,493	$5.85
Weighted average contractual life of options outstanding		6.4 years		8.7 years		7.3 years		8.2 years

	2000	
	Number of options – Exercise price $0.20	Weighted average exercise price
Class B Multiple Voting Share Options		
Beginning of year	2	0.20
Exercised	(2)	0.20
End of year	–	–

At April 30, 2001 and 2000 all share options outstanding were exercisable.

15. Foreign currency

	2001	2000
Foreign currency translation adjustment		
Balance, beginning of year	**$(48,453)**	$ 3,227
Translation adjustment during year	**10,928**	(51,680)
Balance, end of year	**$(37,525)**	$(48,453)

The foreign currency translation adjustment represents the unrealized gain or loss on the Company's net investment in self-sustaining foreign operations. The change in the foreign currency translation adjustment during the year results primarily from fluctuations in the Canadian dollar against other foreign currencies and changes in the size of the Company's net investment in foreign operations.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

15. Foreign currency (*cont'd*)

The Company's pound sterling debt of £75.0 million and euro debt of €145.0 million as at April 30, 2001 have been designated as hedges of the Company's net investment in its U.K. and Norwegian self-sustaining operations. The net foreign exchange gain on the revaluation of these loans at April 30, 2001 of $5.4 million has been recorded to foreign currency translation adjustment in shareholders' equity.

Year-end exchange rates

Balance sheet accounts denominated in foreign currencies and translated at year-end exchange rates have been translated to Canadian dollars at the following rates:

	2001	2000
U.S. dollars	1.54	1.48
U.K. pound sterling	2.20	2.31
Norwegian kroner	0.17	0.17
South African rand	0.19	0.22
Australian dollar	0.78	0.87
Swedish kroner	–	0.17
Euro	1.36	–

16. Financial instruments

The carrying values of the primary financial instruments of the Company, with the exception of the Company's senior subordinated notes and subordinated debentures substantially approximate fair value due to the short-term maturity and/or terms of those instruments.

The fair value of the senior subordinated notes and subordinated debentures is based on quoted market prices. Based on this method, the fair value of these debt instruments, including the current portion, is as follows:

	2001		2000	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Senior subordinated notes	$220,871	$197,577	$ –	$ –
Subordinated debentures	12,843	12,643	13,119	13,386

The Company periodically enters into interest rate and cross currency swaps to hedge net assets and expected future cash flows of operations denominated in currencies other than the Canadian dollar. The Company does not enter into derivative transactions for speculative or trading purposes. At April 30, 2001, relating to long-term debt, the Company had entered into an interest rate swap agreement on £40.0 million (2000 – U.S. $200.0 million) at a fixed rate of 6.9% (2000 – 7.06%) expiring September 2005 (2000 – November 2004) for which the estimated fair value at that date was $(5,464,821) (2000 – $659,650). The interest rate swap agreement at April 30, 2000 for U.S. $200.0 million was terminated early in fiscal 2001, resulting in a loss of $4.6 million included in debt settlement and restructuring costs (Note 11). At April 30, 2001, the Company had entered into forward contracts to sell U.S. $21.6 million. These contracts expire April 2002, for which the estimated fair value at April 30, 2001 was $409,500. The Company also entered into forward contracts to purchase €24.0 million. These contracts expire January 2002 and April 2002, for which the estimated fair value at April 30, 2001 was $(225,262). The Company entered into another forward contract to sell £4.0 million. This contract expires April 2002, for which the estimated fair value at

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

16. Financial instruments (*cont'd*)

April 30, 2001 was $(113,095). At April 30, 2000, the Company had entered into forward contracts to purchase 25.0 million French francs. These contracts had an estimated fair market value at April 30, 2000 of $(14,000) and expired during fiscal 2001.

17. Future income taxes

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	2001
Future income tax liabilities (assets)	
Property and equipment	$172,747
Long-term investments	19,056
Pension and other employee benefits	13,314
Loss carry forwards	(10,080)
Other	(6,923)
Net future tax liabilities	$188,114
Distributed as follows:	
Current future tax assets	$ (4,656)
Long-term future tax assets	(7,362)
Long-term future tax liabilities	200,132
	$188,114

The Company's provision for income taxes is comprised as follows:

	Liability Method 2001	Deferred Method 2000
Current income taxes (recovery)		
Canada	$ (5,488)	$(7,230)
Foreign	8,409	7,024
	2,921	(206)
Future income taxes		
Canada		
Expense (recovery) related to origination and reversal of temporary differences	(15,191)	5,826
Benefit resulting from tax rate change	(9,549)	–
	(24,740)	5,826
Foreign	15,424	299
	(9,316)	6,125
Income taxes (recovery) provision	$ (6,395)	$ 5,919

As the Company operates in several tax jurisdictions, its income is subject to various rates of taxation. The provision for income taxes differs from the amount that would have resulted from applying the statutory income tax rates to income before taxes as follows:

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

17. Future income taxes (cont'd)

	Liability Method 2001	Deferred Method 2000
Earnings before income taxes and non-controlling interest	$25,525	$26,702
Combined federal and provincial statutory income tax rate	43%	43%
Income tax calculated at statutory rate	10,976	11,481
Increase (decrease) in taxes resulting from:		
Rate differences in various jurisdictions	(17,193)	(7,898)
Effect of future tax rate reductions	(9,549)	–
Non-deductible items	6,746	2,487
Large corporations tax	601	508
Capital tax	331	402
Other foreign taxes paid	1,314	1,809
Non-taxable portion of capital gains	(537)	(2,712)
Non-taxable equity loss (income)	179	(771)
Other	737	613
Income taxes (recovery) provision	$ (6,395)	$ 5,919

18. Per share information

Net earnings and cash flow from operations per share have been calculated based on the sum of the weighted average number of Class A and Class B shares outstanding of 15,728,817 for the year 2001 (2000 – 15,380,183).

Fully-diluted earnings per share were $1.90 for the year ended April 30, 2001 (2000 – $1.29). Fully-diluted cash flow from operations per share was $3.74 for the year ended April 30, 2001 (2000 – $2.06).

2001	Income	Cash flow from operations	Weighted average number of shares	Earnings per share	Cash flow from operations per share
Basic	$31,920	$63,224	15,729	$2.03	$4.02
Effect of dilutive securities:					
Stock options	–	–	530		
Warrants	–	–	228		
Convertible debt	296	296	508		
Fully-diluted (Note 3)	$32,216	$63,520	16,995	$1.90	$3.74

2000	Income	Cash flow from operations	Weighted average number of shares	Earnings per share	Cash flow from operations per share
Basic	$20,026	$31,976	15,380	$1.30	$2.08
Effect of dilutive securities:					
Stock options	–	–	37		
Warrants	–	–	–		
Convertible debt	13	13	88		
Fully-diluted (Note 3)	$20,039	$31,989	15,505	$1.29	$2.06

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

19. Change in non-cash working capital

	2001	2000
Receivables	$(26,944)	$(30,896)
Inventory	(8,449)	(10,182)
Prepaid expenses	713	941
Payables and accruals	4,317	30,033
	$(30,363)	$(10,104)

20. Supplemental disclosure to consolidated statements of cash flows

During 2000, debt of $41.3 million was settled using proceeds received from new debt and therefore has been excluded from the consolidated statements of cash flows.

21. Segment information

In fiscal 2000, the Company reported three segments – domestic flying operations, foreign flying operations and repair and overhaul. In fiscal 2001, foreign flying operations were separated into two reportable segments based on economic characteristics and management's evaluation of the segments for making operating decisions. Segmented information for fiscal 2000 is restated to reflect the segments reported in fiscal 2001 – Canadian flying operations, European flying operations, International flying operations and repair and overhaul.

The Company provides services across different geographic areas to many customers. Approximately 69% (2000 – 58%) of the Company's revenues in fiscal 2001 were derived from customers involved in oil and gas exploration and production. In fiscal 2001 revenue from one oil and gas customer of the Company represented $77.0 million (from five contracts expiring from fiscal 2003 to 2005), of which $71.0 million was earned in the European flying segment and $6.0 million earned in the International flying segment. Due to long-standing relationships and contractual arrangements with these customers and the general creditworthiness of the customers, the Company does not consider the credit risk related to these customers to be unreasonable.

	2001					
	Canadian Flying	European Flying	International Flying	Repair and Overhaul	Corporate and Other	Total
Revenue from external customers	$62,002	$351,315	$146,165	$ 34,367	$ –	$593,849
Inter-segment revenues	–	9,193	–	97,504	–	106,697
Depreciation and amortization	1,315	9,615	3,470	2,398	3,182	19,980
Segment earnings from operations	12,542	52,450	27,352	22,519	(17,296)	97,567
Segment earnings before interest, taxes, depreciation and amortization	13,857	62,065	30,822	24,917	(15,112)	116,549
Segment assets	1,542	536,907	237,448	113,140	107,251	996,288
Segment capital asset expenditures	1,024	16,487	18,393	2,606	1,595	40,105

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

21. Segment information (cont'd)

	2000					
	Canadian Flying	European Flying	International Flying	Repair and Overhaul	Corporate and Other	Total
Revenue from external customers	$ 87,786	$320,715	$102,124	$ 23,424	$ –	$ 534,049
Inter-segment revenues	–	489	–	65,356	–	65,845
Depreciation and amortization	2,319	11,209	3,827	1,875	2,347	21,577
Segment earnings from operations	11,334	39,684	17,418	14,814	(11,108)	72,142
Segment earnings before interest, taxes, depreciation and amortization	13,653	50,893	21,245	16,689	(8,668)	93,812
Segment assets	164,032	508,300	202,160	131,800	61,075	1,067,367
Segment capital asset expenditures	14,207	3,480	5,381	1,279	11,311	35,658

Geographic information

	Revenues		Property and Equipment		Goodwill	
	2001	2000	**2001**	2000	**2001**	2000
Canada	**$ 83,426**	$100,050	**$ 80,392**	$191,215	**$ –**	$10,306
United Kingdom	**170,758**	162,653	**135,576**	180,427	**–**	364
Norway, Sweden, Denmark	**170,327**	167,153	**165,382**	148,954	**–**	–
Asia, Australia, Africa	**129,854**	81,618	**120,206**	102,933	**–**	–
Other European countries	**26,433**	7,566	**5,890**	–	**–**	–
United States	**712**	5,641	**2,920**	–	**–**	–
Other foreign countries	**12,339**	9,368	**6,772**	6,603	**–**	–
Consolidated total	**$593,849**	$534,049	**$517,138**	$630,132	**$ –**	$10,670

Revenues are attributed to countries based on location of customer.

22. Commitments

The Company has commitments with respect to operating leases for aircraft, buildings and equipment. The minimum lease payments required under such leases were $188.4 million as at April 30, 2001 and are payable as follows:

2002	$42,883
2003	36,511
2004	34,129
2005	28,635
2006	22,809
and thereafter	23,388

The Company has given guarantees to certain lessors in respect of leases which contain a cross-acceleration right in the event of default under the terms of the senior credit facilities causing the senior lenders to accelerate their debt. These guarantees have been pledged as security by the lessors to certain financial institutions which provided financing for certain sale-leaseback transactions. If the Company fails to meet the senior credit facilities' financial ratios or breaches any of the covenants of those facilities and, as a result, the senior lenders accelerate their debt, the leases provide for a cross-acceleration that could give the lessors and financial institutions the right to terminate the leases and require return of the aircraft and payment by the lessees of the present value of all future lease payments (those future lease payments related to helicopter leases aggregated approximately $169.6 million on an undiscounted basis as of April 30, 2001) and certain other amounts. If the realized value of the retained aircraft is insufficient to discharge the indebtedness due to those lessors in respect of the present value of the future lease payments, and the lessees are otherwise unable to pay any deficiency in the amounts due, the financial institution could obtain payment of that deficiency from the Company under these guarantees.

Notes to the Consolidated Financial Statements

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

23. Contingent liabilities

(a) Petitions have been filed against subsidiaries for unspecified damages concerning helicopter accidents. It is management's opinion that damages for which the Company may become responsible, if any, will be covered by the Company's insurance and will therefore not have a material effect on the financial condition or results of operations of the Company.

(b) As at April 30, 2001 the Company has provided limited guarantees of approximately $62.0 million to third parties, principally related to performance guarantees under long-term customer contracts for which the Company has obtained government guarantees of approximately $39.9 million.

24. Employee pension plans

The Company maintains defined benefit and defined contribution employee pension plans for substantially all of its employees. The Company's contributions to the defined contribution plans are based upon percentages of gross salaries. The Company's contributions to the defined contribution plans for the year ended April 30, 2001 were $3.1 million (2000 – $2.5 million).

Information about the Company's defined benefit plans, in aggregate, is as follows:

	2001	2000
Change in benefit obligation		
Benefit obligation, beginning of year	$271,391	$ 31,553
Acquisition (Note 7)	–	240,426
Disposal (Note 5)	(14,619)	
Current period service cost	14,194	13,246
Interest cost	16,848	12,509
Amendments	858	–
Net actuarial losses	12,570	3,943
Benefits paid	(6,746)	(5,552)
Past service obligation	771	–
Foreign currency translation adjustment	(3,559)	(24,734)
Benefit obligation, end of year	$291,708	$271,391
Change in plan assets		
Fair value of plan assets, beginning of year	$304,095	$ 29,376
Acquisition (Note 7)	–	261,330
Disposal (Note 5)	(15,249)	–
Actual return on plan assets	(4,288)	21,692
Employer contributions	14,751	20,853
Participant contributions	2,729	2,645
Benefits paid	(6,085)	(5,391)
Foreign currency translation adjustment	(5,084)	(26,410)
Fair value of plan assets, end of year	$290,869	$304,095
Funded status	$ (839)	$ 32,704
Unrecognized net actuarial losses	43,951	9,035
Unrecognized prior service costs	3,801	2,653
Unrecognized transition amounts, amendments	2,137	2,838
Net asset recognized on the balance sheet	$ 49,050	$ 47,230

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

24. Employee pension plans (*cont'd*)

Included in the reconciliation of defined benefit plans are the following benefit obligation, fair value of plan assets and net asset recognized on the balance sheet related to partially unfunded defined benefit plans:

	2001	2000
Benefit obligation, end of year	$ 49,180	$ –
Fair value of plan assets, end of year	43,688	–
Funded status	(5,492)	–
Unrecognized net actuarial losses	6,379	–
Unrecognized amendments	(256)	–
Net asset recognized on the balance sheet	$ 631	$ –

The funded status and accrued pension obligation related to the unfunded defined benefit plans included in the above reconciliation of defined benefit plans are:

	2001	2000
Funded status	$ (20,188)	$ (10,188)
Unrecognized net actuarial losses	8,773	1,805
Unrecognized prior service costs	1,604	986
Unrecognized transition amounts	1,743	1,989
Accrued pension obligation (Note 13)	$ (8,068)	$ (5,408)

Including guarantee deposits in one of the Company's defined benefit pension plan funds of $2.3 million (2000 – $2.1 million), total net prepaid pension costs related to defined benefit pension plans recognized on the balance sheet at April 30, 2001 are $51.3 million ($59.4 million (Note 8) less $8.1 million (Note 13)); (2000 – $49.3 million ($54.7 million (Note 8) less $5.4 million (Note 13)).

The significant weighted average actuarial assumptions adopted in measuring the Company's defined benefit plan obligations are as follows:

	2001	2000
Discount rate	6.16%	6.30%
Expected long-term rate of return on plan assets	7.04%	7.02%
Rate of compensation increase	3.53%	3.57%

The Company's net defined benefit plan expense is as follows:	2001	2000
Current period service cost	$14,194	$13,246
Interest cost	16,848	12,509
Expected return on plan assets	(19,988)	(16,879)
Amortization of net actuarial losses, prior service costs and net transition amounts	1,392	91
Participant contributions	(2,729)	(2,645)
Net defined benefit plan expense	$ 9,717	$ 6,322

25. Related party transactions

Related party transactions occurring during the year consisted of the following:

(a) During fiscal 2000, in connection with securing the tender credit facilities (Note 9), the Company received an unsecured, subordinated, convertible 12% loan from an affiliate of the controlling shareholder in the amount of $5.0 million. This loan is subordinated to the Company's senior credit facilities and its senior subordinated notes (Notes 9 and 10). The loan is convertible into Class A subordinate voting shares at $7.25 per share. The estimated value of the loan proceeds attributable to the conversion feature of $951,000 (2000 – $1,436,000) has been allocated to contributed surplus. The equivalent reduction in the carrying value of the loan is amortized to income over the term of the loan. Interest expense of $674,000 (2000 – $431,000), including amortization of the above noted discount, was recorded on the loan during the year.

(b) In order to facilitate the sale of the Vector shares during fiscal 1999 the Company advanced $6,982,000 to certain directors or their affiliates to purchase Vector shares on a non-interest bearing basis having a term to August 2001. The related Vector shares were pledged as collateral for these advances. During the year ended April 30, 2000 the Company required the early repayment of these directors' loans in conjunction with its banking arrangements, and accordingly settled these loans for total proceeds of $5,372,000, representing the market value of the shares at that time. The proceeds were applied to the then outstanding tender credit facilities pursuant to an agreement with the Company's bank. The loss on settlement was charged against the gain recorded on the sale of the residual 20% interest in Vector during fiscal 2000 (Note 5).

(c) In connection with the acquisition of a 5% interest in HSG in 1999 the Company entered into a securities repurchase loan agreement. The Company's obligations under this agreement were guaranteed by the controlling shareholder and a company wholly-owned by him. These guarantees were supported by a general security agreement and a first lien over $6.5 million in marketable securities. During fiscal 2000, the Company included estimated consideration of $2.6 million related to these guarantees and security pledges in the total acquisition cost of the HSG shares. The finalization and payment of such consideration occurred in fiscal 2001 for $2.7 million (Note 7).

(d) Fees, primarily in connection with acquisitions, financings and special consulting projects, of $85,000 during the year (2000 – $83,000) and legal fees of $31,000 for the year ended April 30, 2000 were paid to entities in which certain directors are partners or employees. Rent for premises of $350,000 was paid to a company owned by the controlling shareholder during 2001 and 2000. During fiscal 2001 fees for usage by the Company of certain facilities of $246,000 (2000 – $144,000) were paid to a company in which the controlling shareholder has a 50% interest. Terms for these transactions are the same as for those transactions with non-related parties and accordingly were recorded at their exchange amounts. Interest revenue of $28,000 was earned during the year (2000 – $75,000) on a demand loan of approximately $1,000,000 to the controlling shareholder which was included in receivables at April 30, 2000 and was repaid during 2001.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

26. Reconciliation to accounting principles generally accepted in the United States

In certain respects, Canadian generally accepted accounting principles ("Canadian GAAP") differ from United States generally accepted accounting principles ("U.S. GAAP").

a) Consolidated Statements of Earnings

If U.S. GAAP were employed, the consolidated statements of earnings for the years indicated would be adjusted as follows:

	2001	2000
Net earnings according to Canadian GAAP	$ 31,920	$ 20,026
Reclassification of loss on debt settlement (1)	21,904	5,476
Income tax recovery on debt settlement loss (1)	(6,706)	(2,069)
Net earnings before adjustments and extraordinary item according to U.S. GAAP	47,118	23,433
Loss on foreign exchange (2)	(897)	(3,635)
Pre-operating expenses (3)	(3,700)	(4,296)
Gain on sale of assets/depreciation expense (4)	16	(598)
(Increase) decrease in income tax expense (5)	(8,850)	3,572
Equity in earnings of an associated company (6)	–	2,151
Net earnings before extraordinary item according to U.S. GAAP	33,687	20,627
Extraordinary loss on debt settlement, net of taxes (1)	(12,871)	(3,350)
Net earnings according to U.S. GAAP	20,816	17,277
Other comprehensive earnings		
Foreign currency translation adjustment (7)	10,928	(51,680)
Minimum pension liability adjustment (8)	(4,918)	(387)
Comprehensive earnings (loss) according to U.S. GAAP	$ 26,826	$(34,790)

	2001	2000
Basic earnings per share according to U.S. GAAP		
Earnings before extraordinary item	$2.14	$1.34
Extraordinary item	(0.82)	(0.22)
Net earnings	1.32	1.12
Fully-diluted earnings per share according to U.S. GAAP (9)		
Earnings before extraordinary item	$2.00	$1.33
Extraordinary item	(0.76)	(0.22)
Net earnings	1.24	1.11

(1) Under Canadian GAAP, losses from the extinguishment of debt that are deducted in the determination of earnings are classified as an expense from regular business operations. Under U.S. GAAP, such losses are classified as an extraordinary item, net of related income taxes. Under U.S. GAAP the amount of the foreign currency translation loss included in the extraordinary item was less than under Canadian GAAP for the reason noted in (2) below.

(2) Under Canadian GAAP, the translation gain or loss on long-term debt payable in a foreign currency is deferred and amortized over the remaining term of the debt. Under U.S. GAAP, the gain or loss arising from the translation of long-term debt is immediately included in earnings.

26. Reconciliation to accounting principles generally accepted in the United States (*cont'd*)

a) Consolidated Statements of Earnings (cont'd)

(3) Under Canadian GAAP, pre-operating expenses of new operations may be deferred and amortized on a straight-line basis over their estimated period of recovery. Under U.S. GAAP, these pre-operating expenses are charged to earnings as incurred.

(4) In January 1993 the Company sold a helicopter in connection with its investment in a U.K. subsidiary. Under Canadian GAAP, 60% of the gain on the sale of this helicopter was recorded as income. Under U.S. GAAP, consideration for the helicopter is deemed to be at book value, with no recognition of income. Subsequent to recognizing the gain, depreciation under Canadian GAAP is calculated based on a higher asset value. Therefore, depreciation under U.S. GAAP is reduced accordingly. In addition, depreciation under U.S. GAAP increased until fiscal 2000 as a result of the application of Statement of Financial Accounting Standard No. 109 ("SFAS 109") as referred to in Note 26(b)(1).

(5) The adjustment represents the income tax effect of the changes set out in (2) to (4). In addition, in fiscal 2001 income tax expense has been increased by $9.5 million for U.S. GAAP purposes. Under Canadian GAAP, the Company recorded an income tax recovery of $9.5 million related to future income tax rate reductions that were substantially enacted during the year. Under U.S. GAAP, rate reductions are reflected in earnings only when fully enacted.

(6) In fiscal 2000, under U.S. GAAP, equity in earnings of an associated company was recorded until effective control was acquired in August 1999 (Note 7).

(7) Under Canadian GAAP, foreign currency translation adjustments related to self-sustaining subsidiaries arising on consolidation are included as a separate component of shareholders' equity until realized. Under U.S. GAAP, the related translation adjustments are included in the determination of comprehensive earnings. During fiscal 2001 the Company designated certain foreign denominated debt (Note 15) as effective hedges of the Company's net investment in its U.K. and Norwegian self-sustaining operations. Under U.S. GAAP, the foreign currency translation gain on the revaluation of these loans at April 30, 2001 is included in the determination of comprehensive earnings, whereas under Canadian GAAP they are included as a separate component of shareholders' equity until realized.

(8) Under U.S. GAAP, if the accumulated benefit obligation related to defined benefit pension plans exceeds the fair value of plan assets, then an additional minimum liability shall be recognized with an equal amount to be recognized as an intangible asset, provided that the intangible asset recognized shall not exceed the amount of unrecognized prior service cost. Any excess is recorded as a separate component of comprehensive earnings as a minimum pension liability adjustment. Comprehensive earnings for 2000 has been restated to reflect this minimum pension liability adjustment.

(9) The calculation of fully-diluted earnings per share has been revised to exclude ordinary shares that should not have been previously included. Fiscal 2000 fully-diluted earnings per share have therefore been restated.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

26. Reconciliation to accounting principles generally accepted in the United States (cont'd)

b) Consolidated Balance Sheets

If U.S. GAAP were employed, the consolidated balance sheets as at the dates indicated would be adjusted as follows:

	April 30, 2001		
	Canadian GAAP	Adjustments	U.S. GAAP
Current assets (3)	$327,407	$ (641)	$326,766
Property and equipment, net (2)	517,138	2,187	519,325
Long-term investments	24,424	–	24,424
Other assets (3)	119,957	(8,730)	111,227
Long-term future tax assets	7,362	–	7,362
	$996,288	$ (7,184)	$989,104
Current liabilities	$154,693	$ –	$154,693
Long-term debt	236,941	–	236,941
Senior subordinated notes	197,577	–	197,577
Subordinated debentures	11,900	–	11,900
Other credits (4)	39,082	6,019	45,101
Future tax liabilities (1 and 5)	200,132	5,238	205,370
Shareholders' equity	155,963	(155,963)	–
Class A subordinate voting shares	–	100,554	100,554
Class B multiple voting shares	–	19,029	19,029
Contributed surplus	–	3,291	3,291
Accumulated other comprehensive earnings (6)	–	(42,443)	(42,443)
Retained earnings	–	57,091	57,091
	$996,288	$ (7,184)	$989,104

	April 30, 2000		
	Canadian GAAP	Adjustments	U.S. GAAP
Current assets	$ 329,637	$ –	$ 329,637
Property and equipment, net (1 and 2)	630,132	36,273	666,405
Long-term investments	6,797	–	6,797
Other assets (3)	100,801	(7,843)	92,958
	$1,067,367	$ 28,430	$1,095,797
Current liabilities	$ 189,595	$ –	$ 189,595
Long-term debt	542,230	–	542,230
Subordinated debentures	12,643	–	12,643
Other credits (4)	37,219	1,362	38,581
Future tax liabilities (1 and 5)	166,176	31,438	197,614
Shareholders' equity	119,504	(119,504)	–
Class A subordinate voting shares	–	94,899	94,899
Class B multiple voting shares	–	19,029	19,029
Class A subordinate voting share purchase warrants	–	1,054	1,054
Contributed surplus	–	3,715	3,715
Accumulated other comprehensive earnings (6)	–	(48,840)	(48,840)
Retained earnings	–	45,277	45,277
	$1,067,367	$ 28,430	$1,095,797

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

26. Reconciliation to accounting principles generally accepted in the United States (*cont'd*)

b) Consolidated Balance Sheets (cont'd)

(1) For U.S. GAAP purposes SFAS 109 has been applied on a prospective basis beginning in 1994. Under U.S. GAAP, the excess purchase price of a subsidiary that is allocated to fixed assets is considered a temporary difference and applicable future income taxes are recorded. The fixed assets are adjusted by the amount of the increase in future income taxes. In 1994 the fixed assets were reduced by the amount of the gain recorded on the sale of a helicopter to a U.K. subsidiary. Effective May 1, 2000, the Company adopted the CICA's new accounting recommendation with respect to future income taxes. The Company adopted the future income tax standard retroactively without restatement of individual prior year financial statements. The adoption of this new standard eliminates this U.S. GAAP difference in fiscal 2001.

The source of the future tax liabilities is as follows:

	2001	2000
Property and equipment	**$175,588**	$171,096
Long-term investments	**23,638**	19,350
Pension and other employee benefits	**12,889**	9,723
Loss carry forwards	**(11,310)**	(4,917)
Other	**(7,453)**	2,362
Net future tax liabilities	**$193,352**	$197,614
Distributed as follows:		
Current assets	**$ (4,656)**	
Long-term future tax assets	**(7,362)**	
Long-term future tax liabilities	**205,370**	
	$193,352	

(2) Property and equipment have also been adjusted for the effect of the adjustment for U.S. GAAP purposes of depreciation and equity in earnings of associated company as described in Notes 26(a)(4) and 26(a)(6).

(3) Other assets have been adjusted at each balance sheet date for the effect of the adjustment for U.S. GAAP purposes of deferred foreign currency translation losses on long-term debt, pre-operating expenses and minimum pension liability adjustment, which are described in Notes 26(a)(2), 26(a)(3) and 26(a)(8). Current assets have also been adjusted for the effect of the adjustments for U.S. GAAP purposes of pre-operating expenses.

(4) Other credits have been adjusted at each balance sheet date for the effect of the adjustment for U.S. GAAP purposes of minimum pension liability adjustments, which is described in Note 26(a)(8).

(5) Future tax liabilities have been adjusted for income taxes as described in Note 26(a)(5).

(6) Accumulated other comprehensive earnings has been adjusted at each balance sheet date for the effect of the adjustment for U.S. GAAP purposes of foreign currency translation adjustments and minimum pension liability adjustments, both of which are included in the determination of comprehensive earnings as described in Notes 26(a)(7) and 26(a)(8).

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

26. Reconciliation to accounting principles generally accepted in the United States (*cont'd*)

c) Other required disclosures

	2001	2000
Receivables – trade	$113,698	$110,095
Allowance for doubtful accounts	(1,752)	(3,813)
Net trade receivables	$111,946	$106,282
Payables – trade	$ 61,741	$ 62,266
Accruals	66,742	85,033
Interest accrual	8,568	7,002
Total payables and accruals	$137,051	$154,301
Rent expense	$ 45,028	$ 35,376
Cash flow from operations:		
Canadian GAAP	$ 63,224	$ 31,976
Pre-operating expenses (1)	(3,700)	(4,296)
U.S. GAAP	$ 59,524	$ 27,680

(1) Under Canadian GAAP, pre-operating expenses of new operations may be deferred and amortized on a straight-line basis over their estimated period of recovery. Under U.S. GAAP, these pre-operating expenses are charged to earnings and cash flow from operations as incurred.

d) U.S. GAAP statements issued but not yet adopted

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. The Statement establishes accounting and reporting standards in the United States requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability, measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. Statement 133, as amended by Statements 137 and 138, is effective for fiscal years beginning after June 15, 2000. A company may also implement the Statement as of the beginning of any fiscal quarter after issuance (that is, fiscal quarters beginning June 16, 1998 and thereafter). Statement 133 cannot be applied retroactively. Statement 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired or substantively modified after December 31, 1997. The impact of adopting Statement 133 on the amounts presented under U.S. GAAP is not expected to be initially material. However, the Statement could increase volatility in earnings and other comprehensive earnings.

April 30, 2001 and 2000 (Tabular amounts in thousands, except per share amounts)

27. Supplemental guarantor financial information

Certain of the Company's subsidiaries (collectively, the "Guarantors") have guaranteed the Company's obligations to pay principal and interest with respect to the senior subordinated notes. Separate financial statements of the guarantors are not presented, as the Company believes the summarized financial information which follows is more meaningful in understanding the financial position of the Guarantors. There are no significant restrictions on the ability of the Guarantors to make distributions to the Company.

The Company accounts for its investments in subsidiaries by the cost method for internal financial statement purposes and in the following summarized financial information. U.S. GAAP was employed in the preparation of the summarized financial information.

	As at and for the year ended April 30, 2001				
	CHC Helicopter Corporation	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Current assets	$ 38,119	$ 132,993	$184,296	$ (28,642)	$326,766
Non-current assets	627,924	884,102	382,166	(1,231,854)	662,338
Total assets	$666,043	$1,017,095	$566,462	$(1,260,496)	$989,104
Current liabilities	$ 24,509	$ 104,227	$ 70,931	$ (44,974)	$154,693
Non-current liabilities	602,288	842,442	376,303	(1,124,144)	696,889
Equity	39,246	70,426	119,228	(91,378)	137,522
Total liabilities and equity	$666,043	$1,017,095	$566,462	$(1,260,496)	$989,104
Revenue	$ –	$ 411,089	$251,036	$ (68,276)	$593,849
Earnings from operations	19	62,970	37,228	(6,334)	93,883
Net (loss) earnings	(10,618)	28,725	7,270	(4,561)	20,816

	As at and for the year ended April 30, 2000				
	CHC Helicopter Corporation	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Current assets	$ 36,242	$144,501	$128,099	$ 20,795	$ 329,637
Non-current assets	724,808	671,321	427,738	(1,057,707)	766,160
Total assets	$761,050	$815,822	$555,837	$(1,036,912)	$1,095,797
Current liabilities	$ 39,466	$ 95,024	$ 61,345	$ (6,240)	$ 189,595
Non-current liabilities	672,836	623,982	434,101	(939,851)	791,068
Equity	48,748	96,816	60,391	(90,821)	115,134
Total liabilities and equity	$761,050	$815,822	$555,837	$(1,036,912)	$1,095,797
Revenue	$ –	$324,622	$217,698	$ (8,271)	$ 534,049
Earnings from operations	1,544	46,054	19,650	–	67,248
Net (loss) earnings	(1,995)	20,060	(788)	–	17,277

Five Year Highlights

Years Ended April 30 (in thousands, except per share amounts)

CHC

	2001	2000	1999	1998	1997
Operating Summary					
Revenue	**$593,849**	$ 534,049	$238,884	$346,825	$344,549
Earnings from operations	**97,567**	72,142	36,431	46,713	45,627
Earnings before income taxes	**25,525**	26,702	90,750	19,178	19,859
Net earnings	**31,920**	20,026	56,728	10,105	10,075
EBITDA	**116,549**	93,812	43,927	54,611	55,207
Cash flow from operations (before change in non-cash working capital)	**63,224**	31,976	19,418	25,821	27,294
Financial Position					
Working capital	**$172,714**	$ 140,042	$ 4,641	$ 93,179	$ 58,397
Fixed assets (net)	**517,138**	630,132	326,535	344,661	298,754
Total assets	**996,288**	1,067,367	507,564	616,027	500,748
Long-term debt	**446,418**	554,873	175,356	243,348	219,665
Shareholders' equity	**155,963**	119,504	149,603	158,173	104,664
Unrealized appraisal surplus of fleet	**262,000**	293,000	51,000	50,000	37,000

	2001	2000	1999	1998	1997
Per Share					
Average number of voting shares outstanding	**15,728,817**	15,380,183	15,626,514	13,409,166	11,725,791
Net earnings	**$2.03**	$1.30	$3.63	$0.75	$0.86
Dividends paid	**0.11**	–	4.00	0.11	0.10
EBITDA	**7.41**	6.09	2.81	4.07	4.71
Cash flow from operations (before change in non-cash working capital)	**4.02**	2.08	1.24	1.93	2.33
Fully-diluted earnings per share	**1.90**	1.29	3.59	0.74	0.78
Other					
Number of aircraft	**164**	342	208	212	222
Number of employees	**2,269**	2,716	1,002	1,630	1,529

CHC

Investor Information

The Company's Class A and Class B shares are listed on the Toronto Stock Exchange under the symbols FLY.A and FLY.B. The Class A shares are also traded on the NASDAQ Stock Exchange under the symbol FLYA. The following tables set forth the reported high, low and closing share prices, as well as volumes of the shares traded for the periods indicated.

Toronto Stock Exchange

2001 Fiscal Year	High	Low	Close	Volume
Class A Subordinate Voting Shares (FLY.A)				
First Quarter	$ 5.65	$ 3.75	$ 5.60	1,179,278
Second Quarter	13.45	5.60	11.25	5,295,201
Third Quarter	12.25	8.55	9.75	1,465,648
Fourth Quarter	17.80	9.60	17.80	4,731,417
Class B Multiple Voting Shares (FLY.B)				
First Quarter	5.60	4.25	5.50	9,438
Second Quarter	13.50	7.00	12.75	404,660
Third Quarter	12.00	9.75	10.00	7,203
Fourth Quarter	15.00	10.50	15.00	17,450

NASDAQ Stock Exchange

2001 Fiscal Year (in U.S. dollars)	High	Low	Close	Volume
Class A Subordinate Voting Shares (FLYA)				
First Quarter	$ 3.81	$ 2.50	$ 3.56	235,645
Second Quarter	10.13	3.75	7.44	694,351
Third Quarter	9.13	5.00	6.63	343,612
Fourth Quarter	11.65	6.38	11.55	1,698,002

Principal Ownership

As of April 30, 2001, the majority shareholder directly or indirectly owned 12.3% of the Class A subordinate voting shares, 92.7% of the Class B multiple voting shares and 100% of the ordinary shares, both of record and beneficially, which represented 68.6% of the votes attached to all outstanding voting securities of the Company.

Transfer Agent and Registrar

Requests for information concerning dividend payments, lost share certificates, address changes or other shareholder information should be directed to:

Computershare Trust Company of Canada
1465 Brenton Street, Suite 501
P.O. Box 36012
Halifax, Nova Scotia, Canada
B3J 3S9
Telephone: 1-800-564-6253

Transfer Agent and Trustee for Subordinated Debentures

CIBC Mellon Trust Company
St. John's, Halifax, Montreal, Toronto, Winnipeg, Calgary, Vancouver
Telephone: 416-643-5000

Annual Meeting

The Annual Meeting of the Shareholders of CHC Helicopter Corporation will be held on Wednesday, October 10, 2001 at 4:30 pm
at the Fairmont Royal York, 100 Front Street West, Toronto, Ontario.

Corporate Information

Corporate Head Office

Hangar No. 1, St. John's Airport
P.O. Box 5188
St. John's, Newfoundland
Canada A1C 5V5

Telephone: 709-570-0700
Fax: 709-570-0506
E-mail: investorinfo@stjohns.chc.ca
Website: www.chc.ca

Auditor

Ernst & Young LLP
Chartered Accountants
St. John's, Newfoundland
Canada

Primary Banker

Bank of Nova Scotia
St. John's, Newfoundland
Canada

Board of Directors

Craig L. Dobbin, O.C.[1*]
Chairman &
Chief Executive Officer
CHC Helicopter Corporation
St. John's, Newfoundland

John J. Fleming, CA[2*,3]
President
Bonanza Energy Ltd.
Calgary, Alberta

The Honourable
Frank D. Moores, L.L.D.[1,2,3,4]
Chairman &
Chief Executive Officer
SSF (Holdings) Inc.
Elgin, Ontario

Harry R. Steele, O.C.[1,4]
Chairman &
Chief Executive Officer
Newfoundland Capital
Corporation Limited
Dartmouth, Nova Scotia

Michael A. Wadsworth, Q.C.[2,3*]
Stitt, Feld, Handy, Houston
Toronto, Ontario

The Honourable
George J. Furey, Q.C., Senator
Senate of Canada
St. John's, Newfoundland

Steven K. Hudson, FCA[4*]
Executive Chairman
Borealis Capital Corporation
Toronto, Ontario

Professor John J. Kelly, B.E., Ph.D.
Department of Chemical Engineering
University College, Belfield
Dublin, Ireland

Craig C. Dobbin
Director of Marketing
CHC Composites
St. John's, Newfoundland

Officers and
Senior Management

Craig L. Dobbin, O.C.
Chairman &
Chief Executive Officer

Sylvain A. Allard, MBA
President

Jo Mark Zurel, CA
Senior Vice-President &
Chief Financial Officer

O. Noel Clarke, Q.C.
Senior Vice-President & Secretary

Derrick F. Sturge, CA
Vice-President, Finance

Rick O. Green, CGA
Vice-President,
Planning & Control

Joanne M. Dominie, CA
Corporate Controller &
Assistant Secretary

David R. Loveys, CA
Corporate Treasurer

Divisional Presidents
and Managing Directors

Neil Calvert
Managing Director
CHC Scotia Limited

Jakob Bae
Managing Director
CHC Helikopter Service AS

Christine Baird
President
CHC Helicopters International

Ian McBeath
Managing Director
CHC Helicopters (Australia)

Jeremy Labuschagne
Managing Director
CHC Helicopters (Africa)

George Cheetham
Managing Director
Astec Helicopter Services

Robert Gosse
President
CHC Composites

Jim Misener
President
Canadian Helicopters (Barbados) Limited

1. Member of Executive Committee 2. Member of Audit Committee 3. Member of Corporate Governance Committee 4. Member of Compensation Committee * Committee Chairman

CHC

CHC Helicopter Corporation
St. John's, Canada
709-570-0700

CHC Scotia Limited
Aberdeen, Scotland
44 1224 846 000

CHC Helikopter Service AS
Stavanger, Norway
47 51 94 10 00

CHC Helicopters International Inc.
Vancouver, Canada
604-276-7500

CHC Helicopters (Australia)
Adelaide, Australia
61 8 8372 7700

CHC Helicopters (Africa)
Cape Town, South Africa
27 21 934 0560

Astec Helicopter Services AS
Stavanger, Norway
47 51 94 14 00

CHC Composites
Gander, Canada
709-256-6111

Canadian Helicopters (Barbados) Limited
St. Michael, Barbados
246-429-7940